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# I. Introduction

The Montana Department of Commerce (MDOC) as the lead agency overseeing the development of the Consolidated Plan is pleased to provide the Five-year Consolidated Plan for years 2001 - 2006. The Plan is designed to meet the requirements set forth by the United States Department of Housing and Urban Development (HUD). This document will be used by federal agencies to make appropriation decisions regarding resources made available to Montana for addressing issues related to affordable housing, homelessness, and economic and community development needs.

The Plan is divided into the following segments: Introduction, Housing and Homeless Needs Assessment, Housing Inventory, Housing Obstacles, Non-Housing Community Development Needs, Meeting the Needs, Resources, Plan for Implementation, Certifications and Applications and a Summary of Citizen Participation Plan.

This document may be used to facilitate individuals, communities, and organizations in meeting the three basic goals of the Community Development Block Grant (CDBG), Home Investment Partnerships (HOME), and the Emergency Shelter Grant (ESG) programs. These goals are to:

- secure decent housing;
- provide a suitable living environment; and,
- expand economic opportunities.

Providing decent housing may involve assisting homeless people obtain appropriate housing, retaining affordable housing stock, increasing the availability of permanent affordable housing for low-income households without discrimination, and increasing supportive housing to assist persons with special needs. Providing a suitable living environment means improving the safety and livability of neighborhoods, including the provision of adequate public facilities; strengthening housing opportunities and revitalizing neighborhoods; restoring and preserving natural and physical features with historic, architectural, and aesthetic value; and conserving energy resources. To expand economic opportunities, the comprehensive approach emphasizes creation of accessible jobs, providing access to credit for community development, and assisting low-income persons achieve self-sufficiency in federally assisted and public housing.

The Five-year Consolidated Plan is intended as a resource document to aid citizens, public agencies, and other interested parties determine local community needs. It also identifies the amount of assistance Montana expects to receive, range of activities that may be undertaken, and general program activities that may be planned in addressing the priority needs outlined in the plan. The plan presents details on analysis and evaluation of priority needs statewide, as well as presenting policies related to the provision of affordable housing and community development. The plan also offers certifications stating that statutory guidelines have been followed, such as efforts to minimize the displacement of people and to assist persons who have been displaced.

Numerous agencies, organizations and groups have participated in the preparation and presentation of the Plan. Montana chose to support the Five-year Consolidated Plan with four additional documents.

The HOUSING CONDITION STUDY was performed in September 1999 on residential structures and commercial property used for residential purposes from a Montana Department of Revenue database. The database is maintained for assessment and taxation purposes and evaluated each appraisal period.

Separate Housing Condition information by county and city is also available. Tabular and graphic data has been compiled for each county and at least one town within each county.

The ECONOMIC AND DEMOGRAPHIC ANALYSIS OF MONTANA was updated in September 1999. New data was researched, collected and analyzed, relating to Montana's economic and demographic profile. An assessment of the change in the housing inventory was also prepared, and current housing costs evaluated. This report presents significant changes in economic, demographic and housing data.

An INFORMATIONAL PUBLICATION DIRECTORY was prepared to assemble the numerous publications available that directly relate to program activities. The Directory is divided into several segments including Housing, Public Facilities, Economic Development, Health and Environmental issues, Labor and Employment, and Census and Statistical Data. All publications identified in the Directory are available to the public and can be requested from the providing agency.

The ANALYSIS OF IMPEDIMENTS TO FAIR HOUSING CHOICE, first prepared in 1996, has been updated.

These documents and other studies, evaluations, and previous Consolidated Plan reports help individuals, communities and organizations meet the three basic goals of the CDBG, HOME and ESG programs and provide useful information for use by the public and Legislature.

The development, preparation and review of the Plan is based upon the current citizen participation process. This process promotes a unifying opportunity for units of local government, the State of Montana and others to continue developing cohesive, attractive, safe and economically vibrant communities. The citizen participation process encourages all citizens, especially low-income residents, to take part in shaping their own future. Meetings to gather public input were held on-site at five locations and two MetNet videoconferences with downlinks to ten locations across Montana. Public review meetings on the Draft Five-year Plan were held in November and December 1999.

MDOC prepared the Five-year Consolidated Plan through consultation with the following groups and organizations coordinated with a statewide citizen participation process. (Audio tapes of all public meetings may be obtained from MDOC.)

- Montana Department of Commerce
  - Housing Division
  - Local Government Assistance Division
  - Census and Economic Information Center
  - Economic Development Division
- The Montana LEAD Program
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- Homeless Standown Committee  
Rick Saylor, Chairman

- Continuum of Care  
Bob Buzzas, CIVIC Consulting

- Consultant  
Rob Gaudin, Western Economic Services, Inc.

Rob Gaudin prepared the following studies as additional components of the Consolidated Plan: *Economic and Demographic Analysis, the Montana Housing Condition Study* and the *Analysis of Impediments to Fair Housing Choice*.

The Five-year Consolidated Plan provides details to citizens, public agencies and other interested parties regarding housing, homeless and community development needs in Montana. It provides a current look at the condition of Montana's housing from both a residential and commercial perspective. Obstacles to affordable housing, both objective and subjective, are identified. The Plan covers how Montana is currently meeting the immense need. It also identifies two resource books: The Montana Housing Resource Directory that identifies available housing resources in Montana,

and the Informational Publication Directory that provides a matrix of available publications that relate to program activities. Finally, the Five-year plan includes a Plan for Implementation that looks at CDBG, HOME and ESG program activities and identifies how program funds will be used. This section also identifies other resources and plans that are leveraged to create a statewide response to the identified needs.

The development of the Consolidated Plan has been enhanced and coordinated through contacts, meetings and correspondence with Montana citizens, public and private organizations, and state agencies. The preparation of the interim Annual Action Plans shall continue to rely on coordination and cooperation of these entities.

## II. Housing and Homeless Needs Assessment

Housing needs across Montana vary widely. Extreme diversity in available housing, age of housing stock, and overall range in population density complicate assessments of degree and type of need. There is a broad array of housing availability, affordability, and suitability problems across Montana. Simply treating the symptoms will not be sufficient to solve the problems. Resources are not adequate to deal with all housing needs and requirements plaguing the state.

Montana is the fourth largest state in size (147,138 square miles) in the United States, but the seventh smallest in population with a population density of only 6 persons per square mile. The largest city, Billings, is still only 91,750 in population and the next two largest Great Falls and Missoula have populations of 56,395 and 52,239 respectively.<sup>1</sup> Missoula is Montana's third metropolitan statistical area designation (obtained in 1999). In the 1980's Montana suffered economic recessions in six out of ten years. In 1998 it ranked fiftieth among the states in annual average wages per job.<sup>2</sup> Financial resources are spread thin and statewide cooperation and planning is necessary to obtain an accurate assessment of housing needs.

### ECONOMIC AND DEMOGRAPHIC OUTLOOK FOR MONTANA

Identifying the number and types of extremely low-income, moderate income, and middle income families in need of housing assistance is best described through the following economic and demographic profiles taken from the 1999 Economic and Demographic Analysis of Montana.<sup>3</sup>

#### Economic Profile

Montana's economy is diversifying, becoming less dependent on its traditional resource-based industries of agriculture, mining, and resource manufacturing. For example, the percentage of employment in industries such as food products, metals refining or lumber and wood products is declining. At the same time, the service and retail sectors are becoming much larger portions of the State's economic picture. The table at right, presents the most recent Bureau of Economic Analysis (BEA) employment data for the State of Montana,

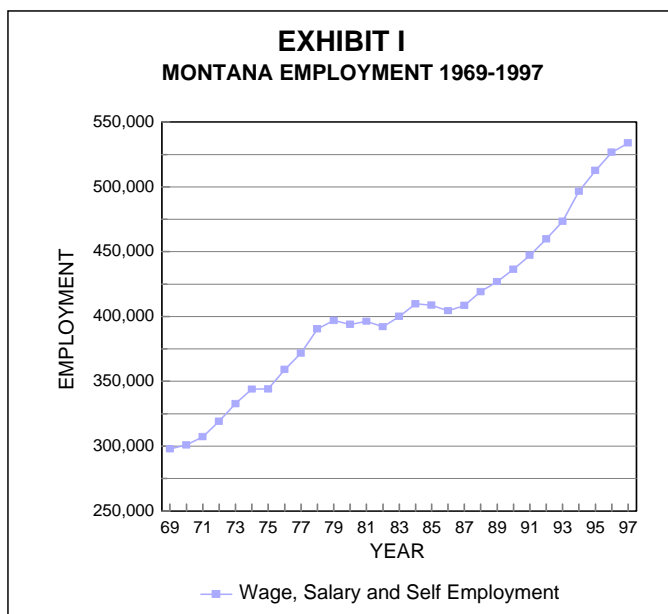


Fig. 1

1 1998 Census Estimates, phone conversation with Patricia Roberts (Census and Economic Information Center), August 24, 1999.

2 Phil Brooks, Montana Department of Labor and Industry, August 24, 1999.

3 Montana Department of Commerce, Housing Division, PO Box 200545, Helena, MT 59620

available through 1997.<sup>4</sup> Although the pace of growth has moderated slightly, the last 10 years has seen a very rapid increase in total employment. Current wage and salary estimates of employment from the Montana Department of Labor and Industry indicate that the increase in economic growth has continued throughout 1998. In fact, employment gains of over 10,600 between 1998 and 1999 handily outpaced the 8,500 person increase between 1996 and 1997.

For more than a decade the State's economic structure has continued to show signs of robust expansion and strength. However, measuring success only in terms of jobs can be misleading. Income is also an important gauge.

The State's economic activities can be separated into two categories: those that bring income into the State, or "basic" activities, and income from those activities that are the result of trade within Montana, or "nonbasic" activities. Basic income must continue to flow into the State because the

nonbasic income eventually "leaks" out of Montana's economy. The ratio of these two measurements is known as a multiplier. This multiplier rises in times of economic health and falls in times of economic decline. Corresponding with rising employment, this multiplier has increased throughout the 1990's.

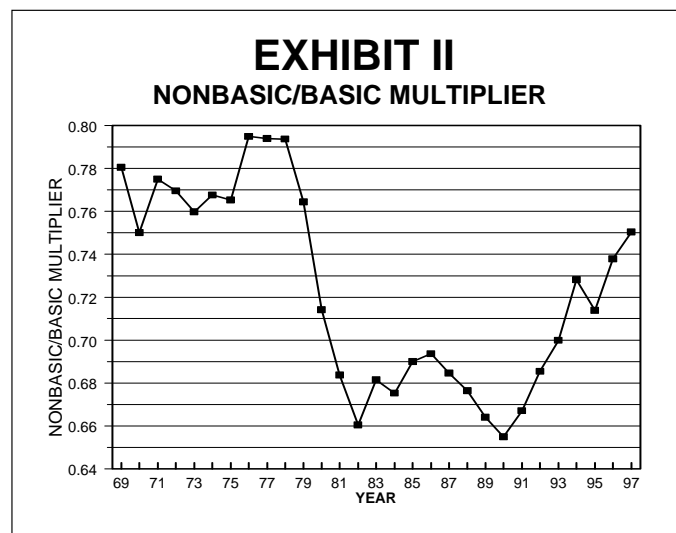


Fig. 2

As Montana's economy has developed, goods and services that were once imported are now produced inside the State. This enhances trade within Montana and translates into more economic activity per dollar of basic income, since a smaller

proportion of dollars is spent out-of-state. Figure 2, above, presents the nonbasic/basic income multiplier since 1969. In 1995 the multiplier took a slight downturn, but returned to its upward course in 1996 and 1997. This indicator of economic vitality, the income multiplier, along with Montana's drive toward greater economic diversification, suggests that the State's overall economy continues to improve and that the business infrastructure is on a long-term course to increased health.

Average earnings per job are not faring as well. Real average earnings for Montana's workers, as developed from available BEA data through 1997, remain far below the national average. This gap in average pay appears to be widening, as seen in Figure 3, (page 13). This implies that while more economic transactions are occurring in the State per dollar of basic income, these transactions appear to be dominated by lower paying, nonbasic (service) sector jobs.

4 Bureau of Economic Analysis, US Department of Commerce, September 1998. This includes wage and salary employment as well as agricultural and self-employment.

## Demographic Profile

Growing at one of the highest rates seen in decades, the State's burgeoning population helped to support Montana's economic expansion in the 1990s. Between 1990 and 1998 Montana's population grew by nearly 81,400, over a 10 percent jump since the 1990 Census. However, in the last three years, the population growth rate has been slowing. Between 1996 and 1998 the rate of population growth slowed from 1.6 percent annually to just 0.2 percent annually. In fact, for the last two years, growth is so small that it is less than the natural increase in population (births minus deaths). From

July 1996 to July 1997 there were 10,728 births and 7,764 deaths, a natural increase of 2,964. Since the population rose less than 2,000, nearly 1000 people left the State. In 1998, total population rose just 1,723. With 10,899 births and 7,810 deaths, the natural increase was 3,089. Again, there was net out migration. This time, 1,366 people left the State.

The map on the following page presents how the 1998 population is distributed throughout the State, with the greatest concentration occurring in the western half of the State and in Yellowstone County.

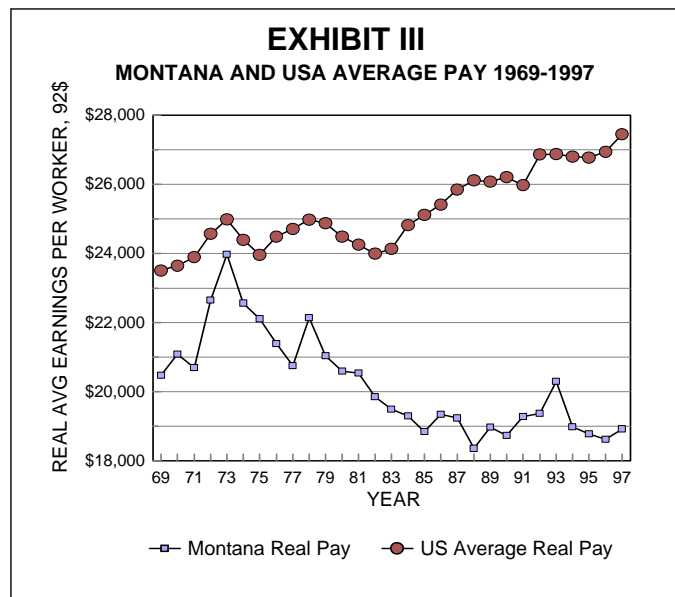


Fig. 3

## POPULATION IN MONTANA COUNTIES—1998

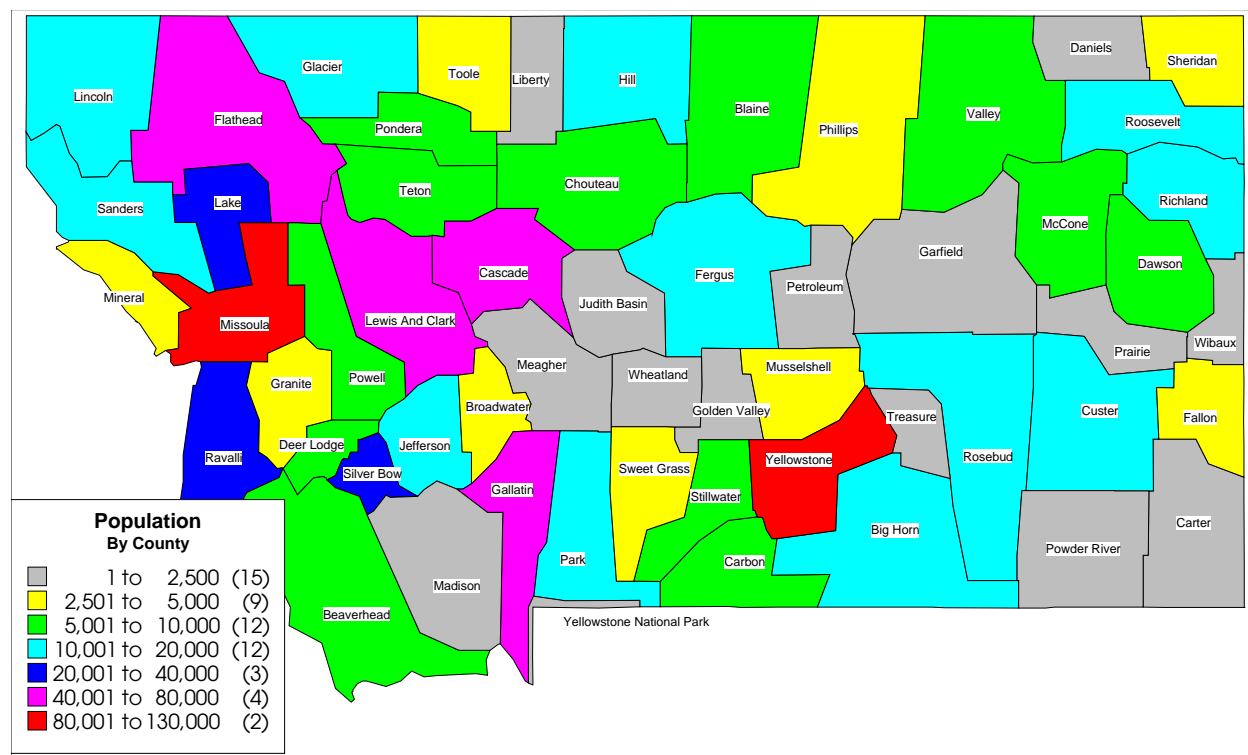


Fig. 4

Although the recent healthy economy paints an optimistic picture, not all of Montana's citizens have been participating in the prosperity. Poverty continues to grow. Between 1989 and 1995 Montana residents living in poverty rose by nearly 19,500. Montana's 1997 poverty rate was estimated to be 16.3 percent compared to 12 percent poverty in 1990. More than 143,200 Montana citizens are at or below the poverty line, as defined by the federal government.

### Housing Affordability

Another related problem for many of Montana's citizens is the lack of affordable or suitable housing. The housing inventory does not appear to have grown proportionately with Montana's population and incomes. The implication is that the affordable housing markets, whether for rental properties or home ownership, has been constrained. Consequently, population growth has contributed to rising prices. A county by county sample during the month of June 1999 of for-sale and for-rent properties was selected from local area newspapers. By using current financing conditions and utility costs, estimates of monthly housing costs were computed for 1, 2, and 3 bedroom rental apartments and 2, 3, 4, and more than 4 bedroom single family homes.

Different areas of Montana face vastly differing housing problems. A one-bedroom rental may cost as little as \$146 per month - including utilities in Wibaux, or as much as \$457 per month in Bozeman. After paying 20 percent down, the monthly mortgage cost for a three-bedroom home range from as little as \$266 per month in Wibaux to nearly \$985 per month in Missoula.

In the rapid growth areas of the State, many households face an appreciable cost burden. HUD defines cost burden as housing expenditures exceeding 30 percent of the household's income. On the other hand, areas with stagnant or declining population do not experience the same degree of housing affordability problems. In these areas, homebuyer problems are more related to acquiring traditional mortgages for the dwellings or simply locating suitable rental units. Overall, the gap between Montana's lower-income citizens and available, affordable and suitable housing units continues to widen.<sup>5</sup>

## MINORITY POPULATIONS

Montana has a significant Native American population comprising the second largest segment or 6.3 percent. The Hispanic, Asian, and Pacific Islander populations total 1.9 percent and .6 percent respectively. The Black population is very small with .36 percent, the greatest area of concentration being Cascade County.<sup>6</sup>

The majority of Native Americans reside on Montana's seven Indian Reservations located throughout the State, as seen on the following map. For example, Glacier, Big Horn, Roosevelt and Blaine counties have the largest number of Native American residents. Glacier and Big Horn counties have a 58 percent Native American population with Roosevelt and Blaine having 51 and 42 percent respectively. Other counties having larger percentages of Native American residents are Lake, Rosebud, Hill and Valley.<sup>7</sup>

## MONTANA NATIVE AMERICAN INDIAN RESERVATIONS

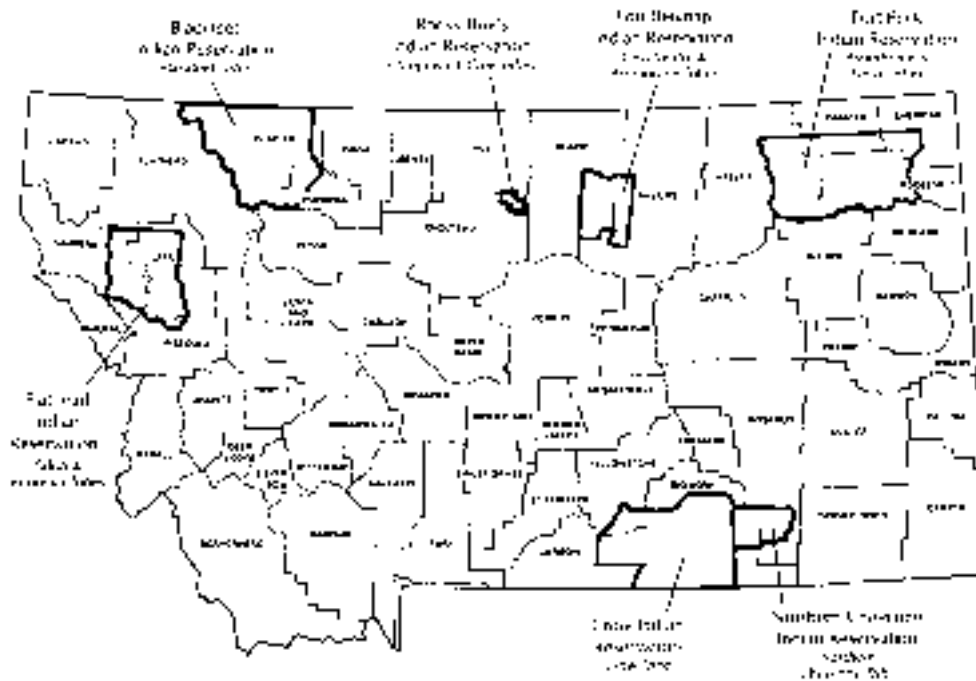


Fig. 5

5 Economic and Demographic Analysis of Montana, September 1999

6 U.S. Census Bureau, Washington, DC 20233 Internet Release date: September 15, 1999.

7 Economic and Demographic Analysis of Montana, September 1999

## HOMELESS NEEDS

Determining the number of homeless families in Montana is very difficult. On April 26-28, 1999 the Montana State University Marketing Club conducted a statewide survey of homeless for the Continuum of Care (C of C) for Homeless Coalition. Surveys were conducted in and around the following population centers: Kalispell, Missoula, Hamilton, Havre, Great Falls, Helena, Butte, Bozeman, Billings, Lewistown, Roundup and Glendive (including Wolf Point). The survey protocol called for utilizing a single “point-in-time” survey and all surveys were screened for duplicates. Each homeless individual or a family member was surveyed according to protocols consistent with HUD Methods for Counting Homeless People.

The main purpose of the survey was to identify the homeless in Montana and determine their needs. The specific objectives were:

- To count the number of homeless
- To obtain a demographic profile of the homeless; and,
- To identify the needs of the homeless population

The findings came from a base of 724 respondents to the survey. The supportive services that were identified in the study were job training, case management, substance abuse, mental health care, housing placement and life skills training. It was found that 174 individuals and 79 persons in families with children are in need of job training. There are 229 individuals and 87 persons in families with children that need help with case management. Among the homeless surveyed, 252 individuals and 65 persons in families with children need help with their substance abuse. It was discovered that 254 individuals and 56 persons in families with children are in need of mental health care. The need for housing placement is 229 individuals and 87 persons in families with children. Lastly, 229 individuals and 87 persons in families with children and in need of life skills training.

The subpopulations break down as follows. There were 120 individuals and 24 persons in families with children that are chronic substance abusers. There are 232 individuals and 44 persons in families with children that are considered seriously mentally ill. It was found that 81 individuals and 28 persons in families with children are dually diagnosed. There were 86 individuals and 16 persons in families with children are veterans. There are 44 individuals and 50 persons in families with children that are victims of domestic abuse. Six individuals surveyed were youths on their own and there are 126 youths in families that are homeless.

Of the 724 respondents surveyed, only 42.4 percent (294) felt they had a safe place to live. An additional 43.1 percent (299) felt they did not have a safe place to live. This shows that there is an almost perfect split between those who have a safe place to live and those who do not. There is a category shown for those respondents who were not sure if they had a safe place to live. This



consisted of 14.4 percent (100) of the total 724. These respondents might have been traveling to find a safe environment to live in, or until recently were not homeless.

Five hundred thirty-three out of 699 respondents or 74 percent of the homeless population were white. This was the largest ethnic group of homeless in Montana. Native Americans came in second for the largest ethnic group, and the other five ethnic groups had combined percentages under that of Native Americans

Respondents were allowed to select more than one reason for being homeless. The reason with the largest number of respondents was that of mental illness. One-hundred sixty-seven respondents selected this reason while 500 respondents selected a different reason. This graph shows just a portion of the many reasons for being homeless.<sup>8</sup>

It takes approximately three to five years of annual surveys to create a baseline for counting homeless individuals. The 1999 C of C has made a good faith effort to complete the table on the following page. For a full explanation of the table including column headings and how numbers were obtained please call CIVIC consulting.<sup>9</sup>

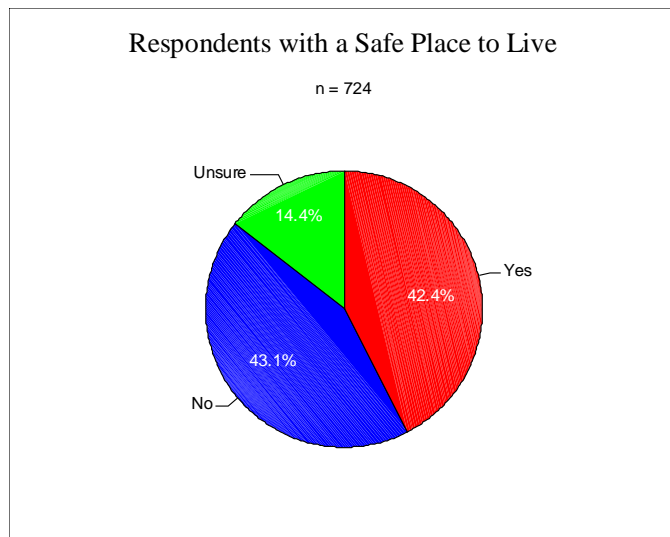


Fig. 6

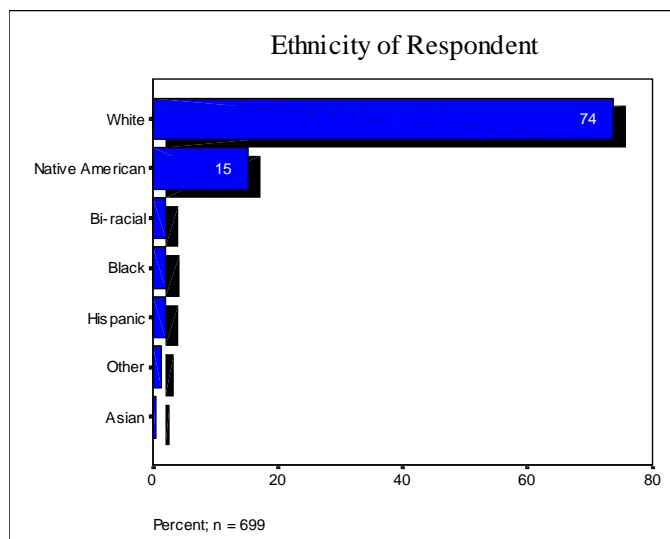


Fig. 7

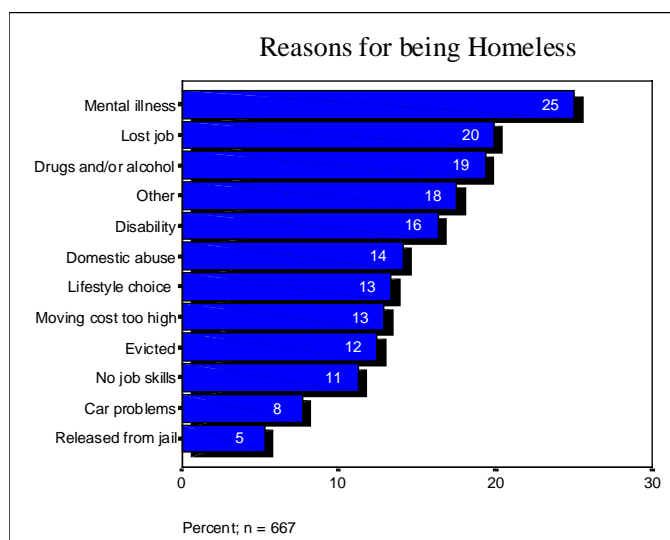


Fig. 8

<sup>8</sup> Final Report of the Homeless Survey, November 1999.

<sup>9</sup> 1999 Application to HUD Continuum of Care, May 28, 1999. Bob Buzzas, CIVIC Consulting (406) 586-1572.

# MONTANA'S HOMELESS ASSISTANCE INVENTORY, GAPS, AND PRIORITIES

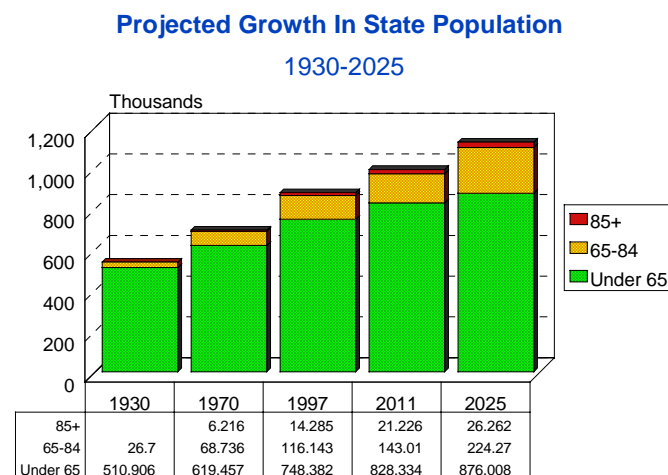
<i>Individuals</i>		Estimated Need	Current Inventory	Unmet need/ Gap
Beds/Units	Emergency Shelter	512	414	197
	Transitional Housing	333	136	197
	Permanent Housing	800	373	427
	Total	1744	923	821
Estimated Supportive Services Slots	Job Training	218	374	
	Case Management	876	175	701
	Substance Abuse Treatment	424	196	338
	Mental Health Care	506	280	226
	Housing Placement	679	210	469
	Life Skills Training	600	255	345
	Other: Intervention			
	Other: Medical			
	Chronic Substance Abusers	500	45	455
	Seriously Mentally Ill	992	650	342
Estimated Sub- Populations	Dually-Diagnosed	60		
	Veterans	293	110	183
	Persons w/ HIV/AIDS	4	4	
	Victims of Domestic Abuse	52	28	24
	Youth	50	22	28
	Other			
<i>Persons in Families with Children</i>				
	Emergency Shelter	246	197	33
	Transitional Housing	582	157	425
	Permanent Housing	99	69	30
	Total	911	423	488
Estimated Supportive Services Slots	Job Training	674	608	66
	Case Management	819	355	464
	Child Care	468	198	270
	Substance Abuse Treatment	503	368	135
	Mental Health Care	345	327	18
	Housing Placement	521	148	369
	Life Skills Training	282	141	141
	Other:			
	Chronic Substance Abusers	298	45	253
	Seriously Mentally Ill	168	325	
Estimated Sub- Populations	Dually-Diagnosed	45		
	Veterans	124	93	31
	Persons w/ HIV/AIDS			
	Victims of Domestic Abuse	276	56	220
	Others:			

Fig. 9

## OTHER SPECIAL NEEDS/NON-HOMELESS

### Elderly and Frail Elderly

Between now and year 2025, Montana will experience one of the most dramatic demographic transformations in its history. With the aging of the baby boomers and increased longevity, we will become a significantly older community. By 2025, Montana's 65 and older population is projected to constitute 20 percent of Montana's total population. The 85 and older age group is expected to increase statewide 97.5 percent over 1997 census figures. By 2025, the population in all but seven of Montana's counties will include between 18 to 40 percent senior citizens.



Projections from U.S. Census Bureau

Fig. 10

In 1997, Montanans age 65 and older population comprised over 13 percent (116,143) of Montana's total population. The 14,285 Montanans, age 85 and older, accounted for approximately 12 percent of Montana's elderly population.<sup>10</sup>

The State of Aging in Montana is a report developed by the Montana Department of Public Health and Human Services and includes the following information:

- In 1990, a greater percentage (15.6 percent) of Montana's population was living below the poverty level than in 1970. However, smaller percentages (11.7 percent) of those in poverty were over the age of 65.
- Individuals 80 and older require more health services because they are vulnerable to functional and cognitive declines from chronic disease or acute events that can lead to hospitalization and/or institutionalization. Approximately 70 percent of this age group endure at least two co-existing chronic conditions, such as arthritis and diabetes.
- By 2001, Montana's 65 and older population is expected to increase to 143,010, which would constitute 14 percent of Montana's total population. Women are expected to account for 56 percent of the elderly population.

The lack of affordable housing is a problem for many of Montana's senior citizens. The housing industry has not grown along with the past rise in population. In fact, the gap between Montana's lower income citizens and access to affordable housing is widening. Poverty continues to grow. Montana's 1997-poverty rate was estimated to be 16.3 percent. This translates into more than 143,200 Montana citizens at or below the poverty lines, as defined by the federal government.<sup>11</sup> Housing prices continue to rise, making it more difficult for individuals to afford their own homes.

<sup>10</sup> Summary of The State of Aging in Montana

<sup>11</sup> Economic and Demographic Analysis of Montana, September 1999.

The increasing pressures on the rental markets, in turn, drive up housing prices.

- By 2011, Montana seniors 85 and older are expected to increase in number to 21,226, a 60 percent increase over 1997 census figures. Women are expected to constitute 68 percent of the 85 and older population.

The assisted living industry now represents one of the most rapidly expanding sectors in health care services. These demographic factors include rapid growth of the 85 and older age group, increased numbers of adults living alone, and the changing roles of women in society.

The demand for assisted living facilities is determined by the size of the elderly population in need of services offered in the residences, the level of income (or family resources) available to the senior, and other types of senior living available to the person. In Montana, the demand is substantial. Unfortunately Montana's low-income elderly population (those with incomes between \$10,000 and \$15,000 annually), have the greatest need, and have the least capability for purchasing the assisted living service. The cost to live in an assisted living facility is extremely high.

The total demand for Montana for assisted living units by the year 2012 is anticipated to range between 2,095 and 4,503.<sup>12</sup> Potential demand for assisted living facilities by county for years 2002, 2007 and 2012 can be found in the Montana Assisted Living Study: Demand for Assisted Living.<sup>13</sup>

In summary, the elderly demographic transformation over the next several years raises serious concerns about future implications for our state and federal governments. The increase in Montana's aging population will have serious implications on the State.

## **Veterans**

Montana has a relatively large veteran population, comprising about 95,400 people, or nearly 11 percent of the State's total population.

The vast majority of veterans who are homeless are single men, although about 10 percent are homeless with their families. More than 80 percent of homeless veterans are high school graduates, with one-third having attended or graduated from college. Approximately 40-60 percent of homeless veterans served during the Vietnam War; another 20-40 percent served post Vietnam. Minorities are strongly represented in this population, with about 40 percent either African American or Hispanic. About the same percent of the veteran as non-veteran homeless suffer from mental illness and alcohol or other drug addictions.<sup>14</sup>

The Eastern Montana Veterans Home in Glendive and the Montana Veterans Home in Columbia

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<sup>12</sup> The Montana Assisted Living Study: Demand for Assisted Living, October 1996.

<sup>13</sup> Montana Department of Commerce, Housing Division, 836 Front Street, Helena, MT 59620.

<sup>14</sup> Analysis of Veterans in Montana: A Brief Report on Veteran Housing and Loan programs.

Falls offer long term care for veterans. An alzheimer unit for the Columbia Falls facility will be available as another service option.

### **Persons with Disabilities**

In 1998, not one county or metropolitan area in the United States with a person receiving Supplemental Security Income (SSI) benefits could actually follow federal guidelines for housing affordability and pay only 30 percent of their monthly income for rent.<sup>15</sup> The state average for Montana shows that an individual receiving SSI gets \$494 each month. This relates to 22.9 percent of median income or \$3.09 an hour. An individual renting an efficiency apartment would use 61.1 percent of their income for housing and 70.8 percent if they chose to living in a one-bedroom unit. On a national average, it takes almost 70 percent of SSI income along with extreme self-discipline and self-denial of other needs such as food, transportation, clothing, and other essentials for a person with a disability receiving SSI benefits to rent a one-bedroom apartment in the United States. After paying the rent, only \$5.00 a day remains for all other expenses. Without some type of government housing assistance, people with disabilities receiving SSI benefits cannot afford to rent modest housing in virtually any part of the United States.

The Homeless Assistance Inventories, Gaps and Priorities table located on page 18 shows the Individual estimated need of "Supportive Services Slots" for Mental Health Care at 506. The current inventory is 280 leaving an unmet need of 226 or 44 percent.<sup>16</sup> It is generally assumed that approximately 40 percent of homeless persons suffer from some form of mental illness and 65 percent are mentally ill and/or are chronic substance abusers.

Many people with developmental disabilities are not homeless, but require supportive housing and services. Developmental disabilities such as mental retardation, cerebral palsy, epilepsy and autism place significant obstacles in the way of individual growth and development. Everyone needs a place to live. People with developmental disabilities have the same need for a nice home that other people have. In addition, people with disabilities need to live in a safe place that provides the training and support which enables them to be full participants in community life.<sup>17</sup>

There is a waiting list of 991 unduplicated individuals (662 adults and 329 children under the age of 21) waiting for services. Six hundred sixty-two persons are seeking residential services. Of this total, 135 need either supported living or group homes. 345 unduplicated individuals are waiting for group home services while 452 unduplicated individuals are waiting for supported living. The average waiting time for all individuals on the waiting list is 34 months, or almost three years. Children wait an average of 16 months and adults wait an average of 42 months, or about three and a half years to obtain group home services.<sup>18</sup>

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15 Priced Out in 1998: The Housing Crisis for People with Disabilities, March 1999 Second Edition

16 1999 Continuum of Care Application

17 Developmental Disabilities Program, Disability Services Division of Department of Public Health and Human Services, January 1999

18 Developmental Disabilities Program, Waiting List Summary, December 1999.

A complete Directory of Services for People with Developmental Disabilities is referenced in the Consolidated Plan Resource/Reference Directory.

Persons with disabilities require supportive services in conjunction with the provision of affordable housing. In particular, those persons with non-mobility related disabilities often require extensive special services, particularly those who are chronically homeless, chemically dependent or mentally disabled.

### **Persons with Alcohol or Drug Addiction**

Youth as well as adults in Montana struggle with varying forms of chemical dependency. The Department of Public Health and Human Services, Addictive and Mental Disorders Division performed a survey of Montana Adult Household Substance Abuse Treatment Analysis in 1997 and a Montana Child Adolescent and Adult Needs Assessment Studies: Alcohol and Other Drug in October 1998.

### **Adults**

The Montana Adult Household Substance Abuse Treatment Analysis surveyed 5,501 adults ages 18 to 65. The goal of the study was to provide reliable estimates of the prevalence of alcohol and drug abuse and the demand for alcohol and drug treatment services in Montana. Following are the ten most important conclusions drawn from this study:

- Alcohol use is higher among Montana adults than in the adult population of the U.S.
- Drug use is lower among Montana adults than in the adult population of the U.S.
- Younger adults (men and women) have higher alcohol and drug use and disorder prevalence rates and higher treatment need and demand prevalence rates than older adults. Among young adults aged 18-24, over 2 out of every 10 men (24 percent and almost 2 out of every 10 women (19.1 percent) need treatment for alcohol and/or drug disorders.
- Men have higher alcohol and drug use and disorder prevalence rates and higher treatment need and demand prevalence rates than women.
- Native Americans have higher alcohol and drug use and disorder prevalence rates and higher treatment need and demand prevalence rates than Non-Native Americans. Interestingly, those Native Americans who need substance abuse treatment more actively seek treatment than do Non-Native Americans.
- Young adult men aged 18-24 have higher lifetime and current substance abuse and dependency disorder prevalence rates and subsequently also have higher substance disorder treatment need and demand prevalence rates than any other group (differentiated by age and gender).

- Young women aged 18-24 have abuse and dependence prevalence rates and treatment need and demand prevalence rates that are higher than older women and very similar to young men aged 18-24. Interestingly, young women needing substance abuse treatment more actively seek treatment than do young men.
- Almost nine out of every 100 adults in Montana need treatment for alcohol and/or drug disorders.
- Less than one out of every 100 adults actively seek treatment for alcohol and/or drug disorders.
- Over 60 percent of the adults demanding substance abuse treatment require in-patient services.

The following table provides a comparison between adult population by age and gender, income and ethnicity to Montana's total population relative to need and demand for substance abuse treatment.

Low income adults with personal income less than \$20,000 per year comprise 32.3 percent of the total population, but account for 42.8 percent of treatment need and 52.6 percent of treatment demand. Higher income adults comprise a disproportionately small percentage of the population of individuals with treatment needs and demands.

Native American adults comprise just over 5.3 percent of the population; however, they comprise over 8 percent of individuals with treatment need and 23 percent of treatment demand. Native American adults are much more active in seeking treatment than Non-Native American adults.

## COMPARISON CHART ON SUBSTANCE ABUSE

Category	Total Population	%	Total Need	%	Total Demand	%
<b>Age and Gender</b>						
18 - 24	62,916	13.7	13,591	33.5	1,281	33.3
female	32,231	7.0	6,147	15.2	744	19.4
male	30,686	6.7	7,444	18.4	537	14.0
25 - 34	109,093	23.8	13,723	33.8	1,119	29.1
female	57,264	12.5	4,685	11.6	496	12.9
male	51,829	11.3	9,038	22.3	623	16.2
35 or older	286,450	62.5	13,243	32.7	1,442	37.5
female	143,507	31.3	4,198	10.4	323	8.4
male	143,943	31.4	9,045	22.3	1,127	29.3
<b>Total</b>						
female	233,002	50.8	15,030	37.1	1,563	40.7
male	225,458	49.2	25,527	62.9	2,279	59.3
<b>Income</b>						
Less than \$10,000	75,966	16.6	8,665	21.4	1,439	37.5
\$10,000-19,999	72,012	15.7	8,690	21.4	580	15.1
\$20,000-29,999	84,897	18.5	7,138	17.6	624	16.2
\$30,000 and over	225,584	49.2	16,064	39.6	1,199	31.2
<b>Ethnicity</b>						
Native American	24,453	5.3	3,359	8.3	884	23.0
Non-Native American	434,007	94.7	37,199	91.7	2,958	77.0

Fig. 11

This study represents an important first step in analyzing the need and demand for substance abuse treatment in Montana.

### Youth

A Montana Prevention Needs Assessment Survey was conducted in October 1998 to measure the need for prevention services among youth in grades 8, 10, and 12 in areas of substance abuse, delinquency, teen pregnancy, school dropout and violence. The report is divided into four sections, Survey Methods, Risk and Protective Factors for Substance Abuse and Other Youth Problems, Survey Results, and Special Populations. The results of the survey were compared to a national survey that is conducted on a yearly basis.

While this study does not indicate addiction to alcohol or other drugs, it accurately assesses the levels of Risk and Protective Factors for substance use. Risk factors are those combinations of behavior and attitudes that predict future substance use in youth. Protective factors are the behavior and attitudes that protect youth from initiating the use of alcohol, tobacco, and other drugs.



Following are some bulleted survey results:

- A greater percentage of Montana youth have had experience with all categories of Alcohol, Tobacco and other Drugs (ATOD) except inhalants and stimulants.
- There were two drug categories where the Montana youth were lower than the national survey sample, inhalants (2.9 percent vs. 3.8 percent) and stimulants (3.4% vs. 4.5%). The percent using inhalants decreases as the students get older, while the opposite is true for stimulants. The percent of Montana youth that use smokeless tobacco is nearly double that of the national average.
- The percentage of youth using any drug in grades 10 and 12 is equal. The students in grade 10 had higher rates of use in inhalants, sedatives, and heroin.
- Montana males and females are very similar in their substance use. The two exceptions are that males use more smokeless tobacco and marijuana, and females use more sedatives.
- More females smoke cigarettes and use sedatives than males, while more males use smokeless tobacco, marijuana, hallucinogens, and heroin.

For a complete copy of the Executive Summary and/or Final Report of the Montana Prevention Needs Assessment Survey, contact the Montana Department of Public Health and Human Services.<sup>19</sup>

In addition to the above referenced studies, the Centers of Disease Control and Prevention and the Montana Department of Public Health and Human Services, annually conduct the Behavior Risk Factor Surveillance Survey in Montana. In the most recent publication of this information, 15.1 and 2.3 percent of the population in Montana were classified as acute and chronic alcohol consumers, respectively.<sup>20</sup>

### **Persons with HIV/AIDS**

Prior to 1997, housing needs were different than they are today. At that time, nearly all persons with HIV/AIDS were disabled by health reasons and qualified for disability determination, and thus disability income. The need for low-income housing was prevalent for these clients. However, local individuals, working within their communities, were often able to make a hardship case that these individuals should move to the front of the waiting list because of serious health concerns and the probability that they would not live a great deal longer. The advent of effective medical treatment has changed that scenario. People infected with HIV are able to maintain a much healthier status and frequently do not qualify for disability determination. Though they are healthier, they may not be able to work full time and they continue to need low-income housing. They also need housing

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19 Final Report on the October, 1998 Montana Prevention Needs Assessment Survey Grades 8,10,and 12. DPHHS Addictive and Mental Disorders Division PO Box 202951, Helena, MT 59620-2951; (406) 444-3964.

20 Smith, Patrick 1993. A Chronic Disease Prevention and Health Promotion Program, Montana Health Risk Status report, Department of Public Health and Human Services, Helena, MT.

in proximity to major healthcare centers to receive the extensive and specific treatment they will require for the remainder of their lives. Because their health status is improved, it is not as possible to make a hardship case to move them in the waiting list, and it is more likely they will need low income housing for a much longer period of time.

In 1998, Acquired Immune Deficiency Syndrome (AIDS) was the eighth most common disease reported in Montana. During this period, 27 additional AIDS cases were reported, bringing the state's cumulative total to 400 as of December 31, 1998. With thirty-nine, or 70 percent of the state's 56 counties reporting at least one AIDS case since 1985, few areas of the state have been untouched.

Distribution of Montana AIDS cases continues to follow population patterns. The following map reflects the distribution of all reported AIDS cases by county. While 39 of Montana's 56 counties have reported at least one AIDS case, 85 percent of cases can be found in twelve counties. Based on limited data on HIV-positives, the distribution of HIV-infection in Montana is believed to closely resemble that of reported AIDS cases.<sup>21</sup>

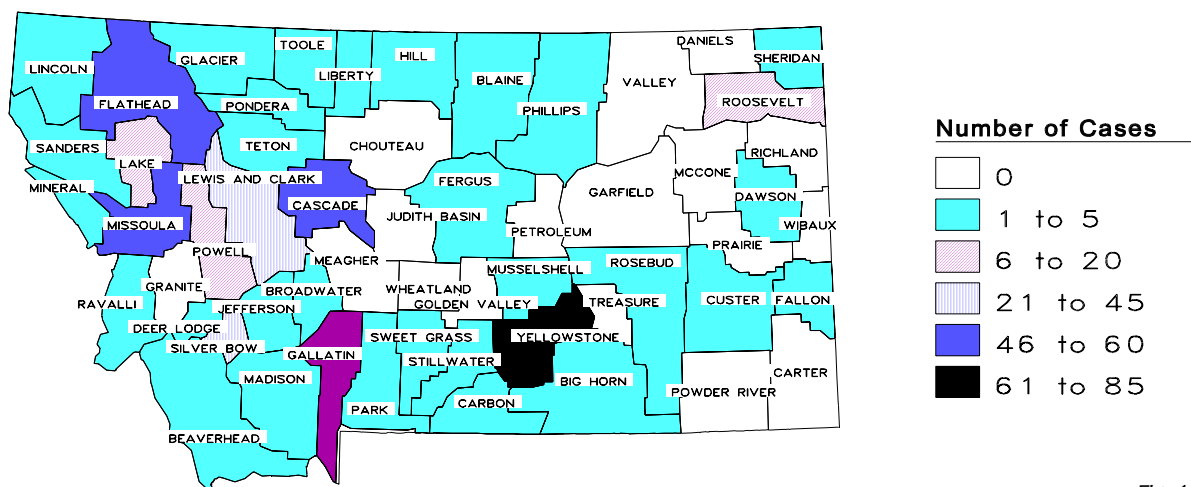


Fig. 12

### DISTRIBUTION OF MONTANA AIDS CASES BY COUNTY—1985-1998

As the result of new and more effective HIV-therapies, the number of AIDS cases reported each year in the U.S. is declining. Following a similar pattern, Montana reported 40 percent fewer AIDS cases in 1998 than in 1997. However, it must be emphasized that the decline in AIDS cases does not indicate a similar decline in HIV-transmission.

21 Epidemiological Profile of AIDS in Montana: Prepared for HIV Community Planning, March 1999

## REPORTED AIDS CASES IN MONTANA BY YEAR OF REPORT 1985-1998

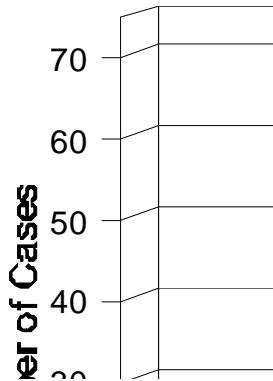


Fig. 13

### Persons with Tuberculosis

Although HUD requires that states estimate the number of persons with HIV, it should be pointed out that tuberculosis (TB) is of greater concentration than AIDS in Montana with 18 new cases as of September 30, 1998.<sup>22</sup>

Other factors often cause difficulties in treatment of tuberculosis. For instance, a disproportionate number of people with tuberculosis in Montana are known to use excess alcohol, further complicating case management and causing extensive difficulty with treatment adherence. In 1998, 50 percent of people with TB also showed excess alcohol use. Homelessness/transience is a problem for persons having TB in Montana. The following graph depicts excess alcohol use, homelessness and the presence of one or more complicating factors of persons having TB in Montana.

<sup>22</sup> Montana Department of Public Health and Human Services website (Disease Prevention and Control).

## REPORTED CASES OF TUBERCULOSIS IN MONTANA 1993-1996

### Presence of Complicating Factors

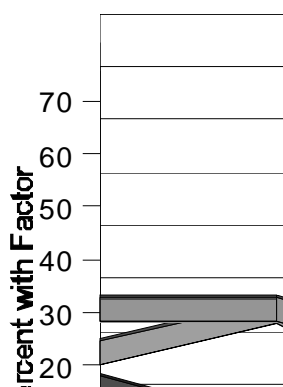


Fig. 14

Housing for persons with TB has been one of the most effective enablers used to achieve therapy completion. Data on homelessness has likely been under-reported for several years prior to 1998 because of the differences in interpreting “homelessness” in many local jurisdictions, particularly for Native Americans living on reservations. It is not uncommon for persons with TB to stay for short periods of time with various relatives in the community or frequently moving to and from relatives’ homes in other communities. During site visits to the reservations in the past few years, it became clear that many of these truly homeless individuals were not reported as such.<sup>23</sup>

Monthly updates and statistics can be found at the Department of Health and Human Resource website located at <http://www.dphhs.state.mt.us>

### SUMMARY

The number of houses and apartments that families with low-wage incomes can afford to rent is shrinking, burdening more families with high housing costs and threatening many with homelessness. A new report called *The Widening Gap: New Findings on Housing Affordability in America* - has four main findings, based primarily on new data from the U.S. Census Bureau’s latest American Housing Survey:

23 Year 2000 Tuberculosis Cooperative Agreement Application to the Center for Disease Control, August 1999.

- Despite a period of robust economic expansion, the housing stock affordable to struggling families continues to shrink. The number of such affordable rental units decreased by 372,000 units - a five percent drop - from 1991 to 1997. Struggling families are defined as those with incomes at or below 30 percent of the area median.
- Rents are rising at twice the rate of general inflation. According to U.S. Bureau of Labor Statistics data, in 1997 rents increased 3.1 percent while the overall Consumer Price Index (CPI) increased by only 1.6 percent. In 1998, rents increased 3.4 percent while the overall CPI increased 1.7 percent.
- As affordable housing stock shrinks, the number of renters at or below 30 percent of median income continues to grow. Between 1995 and 1997, the number of struggling renter households increased by 3 percent, from 8.61 million to 8.87 million. This means that one in every four renter households in America has an income below 30 percent of area median.
- The gap between the number of struggling Americans and the number of rental units affordable to them is large and growing. In 1997 for every 100 households at or below 30 percent of median income, there were only 36 units both affordable and available for rent.<sup>24</sup>

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24 The Widening Gap: New Finding on Housing Affordability in America.



### III. Housing Inventory

The Montana Department of Commerce (MDOC) is dedicated to better understanding the housing needs of its citizens throughout the State. In pursuit of this high standard, the Montana Housing Condition Study was undertaken. The study utilizes county appraiser property tax information about all dwellings throughout the State and analyzes and reports on these dwellings. The Montana Department of Revenue (MDOR) maintains this information in separate residential and commercial databases. The data was made available by the MDOR for this research and analysis. By describing the qualities and attributes of Montana's housing stock, the MDOC desires to better guide the investment of public housing resources to their highest and best uses.

The purpose of the Montana Housing Condition Study is to evaluate the current inventory of housing in Montana, reporting on its current physical condition, the quality of materials used in constructing the stock, its age, style, finish, and several other characteristics and attributes.

An even more important goal is to provide citizens of the State with a readily available source of information that describes the housing stock in the State, in each of Montana's counties and in 56 cities throughout the State. While the Housing Condition Study provides pertinent statistics and trends in housing for the State in its entirety, two technical appendixes present similar data tables for each county, and one city within the county. Montana Department of Commerce is happy to provide copies of specific county or city data as needed. Call (406) 444-0092 to request this information.

#### CONDITION OF HOUSING

The following summary is separated into two sections. The first section discusses residential structures. The second section reviews commercial properties; part or all of which are used for residential purposes. These rental units can be housed within a variety of structure types.

#### RESIDENTIAL DWELLINGS IN MONTANA

There are 396,533 residential structures and commercial property dwelling units in Montana. Approximately 267,795 are single family homes with another 63,994 multifamily units and 64,764 mobile homes. As noted in Figure 15, to the right, this represents 68, 16, and 16 percent of the housing stock, respectively.

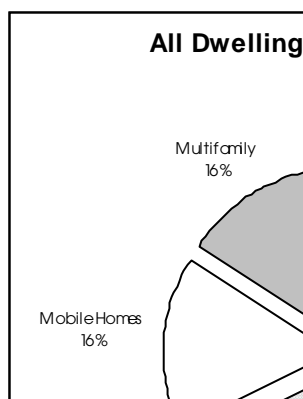
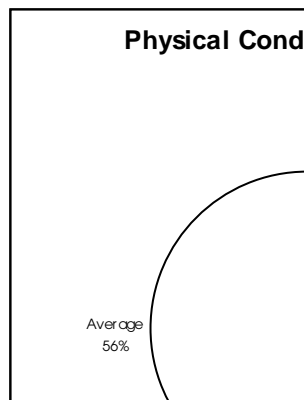


Fig. 15



Many of Montana's residential structures appear to be in need of improvement. Approximately 70,354 units are in need of maintenance and structural improvement. Another 225,949 are in average or "normal" condition. Some 97,816 units are in good to excellent condition. This is 18 percent, 56 percent, and 25 percent, respectively, as seen in Figure 16 to the left.

### Residential Property

As of mid 1999, there were about 342,040 residential properties on the property tax roles. About 19 percent of these are considered

Fig. 16

mobile homes, or homes without permanent foundations. The remainder are single family homes (78 percent) and condominiums. Some 40 percent of Montana's housing stock was constructed prior to 1960. In the 1970's more than 75,000 homes were added to the housing stock. Although growth has been robust in the 1990's, Exhibit I shows that additions to the housing stock were much greater during the 1970's.

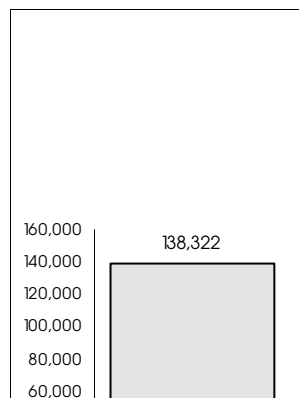


Fig. 17a

While most homes built prior to the 1960's were modest family dwellings, today's homes are larger and more elaborate. Of homes constructed prior to 1960, two-bedroom units make up 37 percent of that group and three-bedroom units about 30 percent. Of homes built in the 1990's, three bedroom units command a 57 percent share. Furthermore, homes with more than 3 bedrooms are gaining market share.

Figure 17b presents the total number of residential structures, by the number of bedrooms, in Montana's current housing stock.



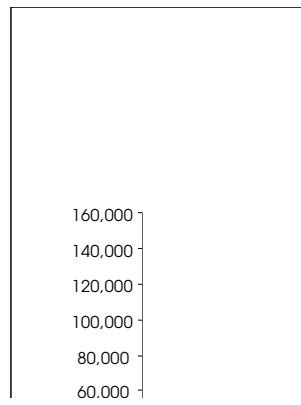


Fig. 17b

In addition to homes having more bedrooms, the absolute size of residential dwellings is increasing. Prior to 1980, about 50 percent of all homes were less than 1,000 square feet in size. Of homes constructed during the 1980s, only about 26 percent of new homes were less than 1,000 square feet. Less than 10 percent of new homes built in the 1990s are less than 1,000 square feet. Figure 17c, below, presents the number of homes within selected size categories.

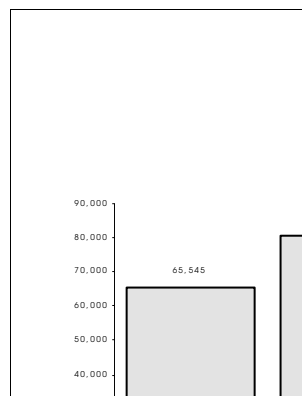


Fig. 17c

While larger and more expensive homes are becoming more prevalent, not all is well with Montana's housing stock. In computing value for assessment and taxation purposes, the county appraisers classify all dwellings by a number of indicators relating to physical condition and structural quality. Today, over 61,000 residential dwellings need rehabilitation. While 2,329 (less than 1 percent) can be considered truly uninhabitable, nearly 12,000 more units show many signs of structural damage, and another 46,500 show significant degrees of deferred maintenance. Approximately 18 percent of Montana's residential structures need improvement. Figure 17d presents the number of housing units by physical condition rating.

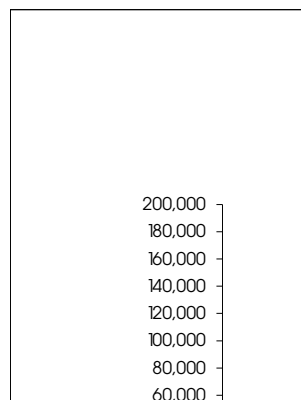


Fig. 17d

Appraisers apply another type of evaluation to the dwelling. It is considered a “grade” and refers to the quality of the materials and the workmanship used in initial construction of the building. While the nomenclature is similar to physical condition, grade is assessed as if the structure were new and disregards the condition and appearance of the dwelling. There are nine categories for residential buildings and four for mobile homes. The basic grade, or “average”, simply represents average quality of workmanship and average cost of materials.

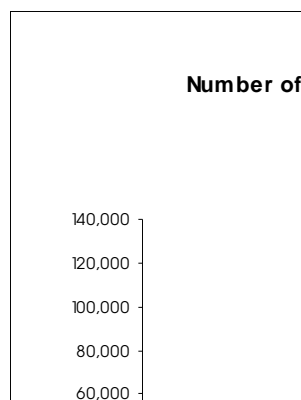


Fig. 17e

About 116,000, or one third, of all Montana homes have been given a grade of average. About 32,000, or 3 percent, of the dwellings are considered “poor” and nearly 10,000, or 10 percent, used “low cost” materials and workmanship. It may be inferred that using lower grade materials and workmanship may later increase the cost of maintenance.

Figure 17e presents these grades for single family homes. It is interesting to note that a large percent of mobile homes have used low cost quality and workmanship. However, mobile homes constructed in the 1970s represent most of these lower quality units. The mobile home stock built in the 1990s used generally higher-grade materials and workmanship.

### Commercial Property

County appraisers, for assessment and taxation purposes, emphasize describing potential income generated from the commercial structure rather than attempting to describe the market value of the property, as is done in residential. Less emphasis is placed on collecting data regarding the condition and physical characteristics of commercial structures. Consequently, there is a higher incidence of missing data. Still, commercial properties used for residential purposes (rental units) have a variety of structure types such as duplex, high rise apartments and mixed use residential/commercial buildings. Furthermore, they are considered as rental property.

The commercial property used for residential purposes encompasses 12,821 buildings. Nearly 33 percent or 4,189 buildings are duplexes. Another 19 percent are apartment buildings having three or fewer stories. Almost 15 percent of the commercial buildings used for residential purposes are four-plexes. The exhibit below displays the number of buildings in each of the thirteen different structure type categories.

Similar to residential structures, the county appraisers evaluate for assessment and taxation purposes the quality of workmanship and materials used in commercial buildings. There are six categories: low cost, fair, average, good, very good, and excellent. Over 71 percent of these buildings are considered average. However, 16 percent of these buildings used only fair quality in their original

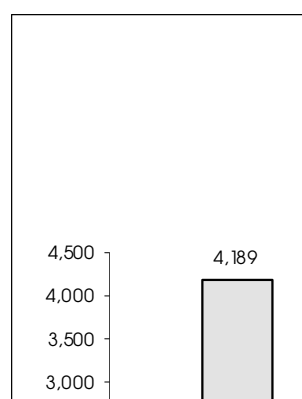


Fig. 18a

construction and another 6 percent used low cost materials and workmanship. The number of buildings in each quality-rating category is presented in Figure 18b.

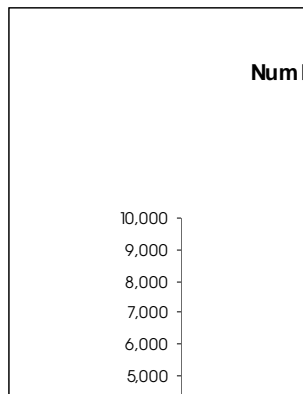


Fig. 18b

Figure 18c presents the number of buildings having discrete ranges of dwelling units in the building. Over 35 percent of commercial buildings, or 4,564, have two units. Another 19 percent have four units. This graph includes mixed use (residential and commercial buildings) that may have one or more residential dwellings in the building.

The 12,821 commercial buildings used for residential purposes have 54,513 dwelling units. These dwelling units are comprised of efficiency rooms, one, two, three, and four or more bedroom dwelling units. The data indicate that 20,298 units have two bedrooms and another 13,342 have one bedroom.

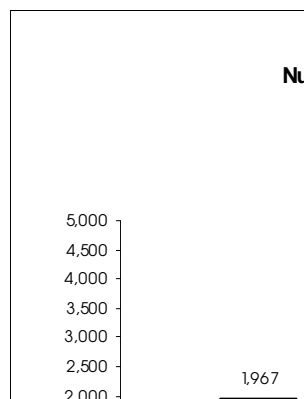


Fig. 18c

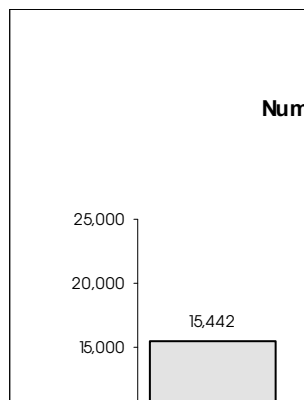


Fig. 18d

However, about 28 percent of the commercial property tax records lack description of the number of bedrooms in the units. This data is presented in Figure 18d, above.

The commercial property tax records were also analyzed to determine the number of bathrooms. The vast majority, (35,592 dwellings), have one bathroom. A small number have 1 and one half, 2, or more than 2 bathrooms. Again, about 28 percent of the tax records have missing data for this variable. This is presented in Figure 18e.

On the other hand, nearly all commercial dwelling unit records contain information that describe physical condition. The county appraiser uses a five level scale for evaluating commercial property, rather than the six-level scale used for residential. For commercial properties, 68 percent, or 37,091, are considered “normal”, or average. The rental units have approximately 14 percent rated as either

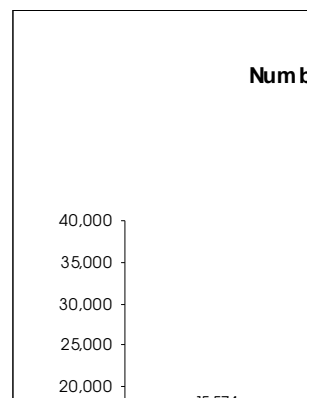


Fig. 18e

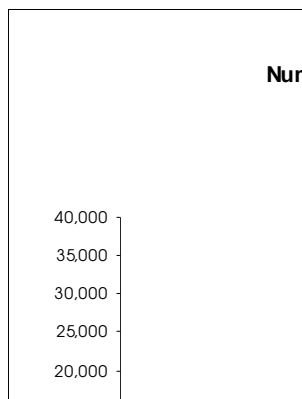


Fig. 18f

fair or good, 7,830 and 7,569 respectively. Nearly 3 percent or 1,498 are in poor shape and only 1 percent, or 428, are considered excellent. This data is presented in Figure 18f above.

## DEMAND FOR HOUSING

As net population migration into Montana soared in the early 1990s, single family construction boomed. Land prices rose dramatically and housing became more expensive, especially in areas experiencing the strongest rates of growth. However, with the decline in the population growth rate in the last two years, one might expect a decline in the level of building activity. Estimates of recent building starts, from two sources, suggest the rate of growth in building starts is declining. However, the two sources present slightly different views on the extent of the slowdown.

One of the sources is from the Montana Building Industry Association (MBIA) and the other is from the Montana Department of Commerce, Building Codes Division. The MBIA data represents building starts reported by members of the Association on a voluntary basis. Some starts may not be reported and other starts may be reported more than once. Figure 19 presents data from three data sources. This data does not represent modular or mobile home development. The MDOC values represent electrical permits drawn for all new construction, whether site-built, modular, or multifamily. The Building Codes Division reports these data separately for each of these categories. While both sources of information should be similar, the MDOC data is likely to be more accurate.<sup>25</sup> To verify this data, information was collected from the Montana Housing Condition Study. This report was produced during 1999 and analyzed Montana Department of Revenue (MDOR) property tax parcels with dwellings on them throughout Montana. The MDOR data describes the year the dwelling is constructed, consequently this data is considered as housing completions, rather than housing starts or permits.

25 In previous years, US Census Construction Reports have been presented in this document. However, that information is incomplete and no longer illustrated herein.

## HOUSING STARTS, PERMITS, AND COMPLETIONS

Agency Reporting	1995	1996	1997	1998
MBIA SF Starts	4,500	4,195	3,687	3,654
MDOC SF Permits	3,213	3,081	2,764	3,020
MDOC MH Permits	3,137	2,790	2,691	2,556
MDOC Subtotal	6,350	5,871	5,455	5,576
MDOR SF Completions	4,419	4,128	4,055	3,953
MDOR MH Completions	1,760	1,656	1,654	1,436
MDOR Subtotal	6,179	5,784	5,709	5,389

SF = Single Family

MH = Mobile Home

Fig. 19

While there are differences in the definition of single family home or mobile or modular housing, the Building Codes Division and the Department of Revenue appear to have very similar data. Further, the MBIA data closely represents the completions identified in the MDOR property tax database.

County housing starts reported by the Montana Building Industry Association, for the period 1995 through 1998 are presented on the following page. The next four full-page tables present new construction (electrical) permits issued by county throughout Montana. This MDOC Building Codes Division information presents single family homes, mobile/modular housing, as well as the number of multifamily structures. The actual number of multifamily units built as a result of these permits was not recorded by the Division.

From 1995 through 1998, the three sources cited above reported around 6,200, 5,800, 5,600, and 5,400 homes constructed in 1995, 1996, 1997, and 1998 respectively. This is a total of approximately 23,000 units. Further, they don't seem to include any of the multifamily permits. Over this same time period, Montana's population grew by about 12,000 people. At first glance, one would think that there should be a glut of homes available, with prices falling to reflect the excess supply. However, the market for housing has been tight, with prices rising.

Most of the housing development pertains to single-family homes. In addition, housing development has been concentrated in a handful of areas: Flathead, Gallatin, Missoula, Ravalli and Yellowstone counties. Few other counties had any significant additions to their housing stock in 1998.

Affordable rental housing is in critically short supply. Eventually, due to falling population growth, this situation may ease.

# SINGLE FAMILY NEW CONSTRUCTION STARTS

## Montana Building Industry Association

Area	1995	1996	1997	1998
Beaverhead County	42	51	33	31
Big Horn County	7	7	5	21
Blaine County	2	2	2	1
Broadwater County	23	26	28	37
Carbon County	99	89	80	96
Carter County	2	1	0	0
Cascade County	153	159	195	161
Chouteau County	5	6	11	10
Custer County	12	16	9	17
Daniels County	5	3	2	2
Dawson County	6	5	3	3
Deer Lodge County	18	21	17	18
Fallon County	4	4	34	2
Fergus County	21	30	29	32
Flathead County	563	447	408	498
Gallatin County	579	818	623	571
Garfield County	1	2	4	2
Glacier County	6	6	1	2
Golden Valley County	2	0	3	0
Granite County	25	19	10	18
Hill County	17	16	14	13
Jefferson County	71	73	70	95
Judith Basin County	7	6	4	5
Lake County	185	191	159	194
Lewis and Clark County	306	230	201	247
Liberty County	0	1	3	2
Lincoln County	125	114	120	166
McCone County	96	102	67	94
Madison County	1	4	1	2
Meagher County	1	10	7	12
Mineral County	17	24	33	36
Missoula County	503	456	424	263
Musselshell County	16	13	15	14
Park County	107	89	92	92
Petroleum County	3	1	2	1
Phillips County	2	6	6	2
Pondera County	6	7	6	2
Powder River County	0	3	2	1
Powell County	12	10	11	19
Prairie County	0	0	1	0
Ravalli County	384	367	313	334
Richland County	5	12	4	10
Roosevelt County	4	4	3	1
Rosebud County	14	7	0	1
Sanders County	69	65	61	73
Sheridan County	3	3	2	1
Silver Bow County	52	48	62	88
Stillwater County	58	60	60	46
Sweet Grass County	18	26	20	14
Teton County	15	12	25	17
Toole County	3	8	3	1
Treasure County	2	0	0	1
Valley County	5	3	1	6
Wheatland County	3	4	1	0
Wibaux County	2	2	1	0
Yellowstone County	800	506	406	281
<b>Montana</b>	<b>4,500</b>	<b>4,195</b>	<b>3,687</b>	<b>3,654</b>

Fig. 20



# SINGLE FAMILY NEW CONSTRUCTION ELECTRICAL PERMITS

## Montana Building Codes Division

COUNTY	1992	1993	1994	1995	1996	1997	1998
Beaverhead	41	41	53	46	54	37	31
Big Horn	8	4	21	7	8	6	22
Blaine	7	1	4	2	2	3	1
Broadwater	9	16	21	24	29	29	37
Carbon	51	80	73	100	94	86	96
Carter	0	1	2	3	1	1	0
Cascade	51	64	83	58	69	91	74
Choteau	3	6	4	6	6	11	11
Custer	20	11	21	11	18	12	18
Daniels	2	2	2	5	2	2	2
Dawson	5	4	3	6	6	11	11
Deer Lodge	6	14	12	19	21	19	18
Fallon	2	0	2	5	5	5	3
Fergus	19	36	37	24	31	30	34
Flathead	756	737	641	606	519	432	505
Gallatin	361	366	369	382	385	379	405
Garfield	4	2	3	1	2	4	2
Glacier	7	5	4	5	6	3	2
Golden Valley	3	2	2	2	1	2	1
Granite	20	19	19	26	21	16	18
Hill	9	11	19	18	18	18	15
Jefferson	80	83	85	75	76	75	97
Judith Basin	4	3	9	5	6	4	5
Lake	185	224	221	193	202	165	196
Lewis & Clark	208	227	266	256	201	191	210
Liberty	1	3	5	1	1	2	3
Lincoln	95	146	112	132	124	130	169
Madison	67	67	113	100	114	71	97
McCone	1	6	3	2	3	1	3
Meagher	11	8	8	12	12	7	14
Mineral	19	26	20	16	24	36	35
Missoula	191	190	213	170	154	114	144
Musselshell	7	24	21	18	14	15	14
Park	73	95	129	114	94	100	94
Petroleum	0	1	1	3	1	2	1
Phillips	3	10	9	5	6	5	2
Pondera	6	4	8	8	6	6	4
Powder River	0	2	0	0	3	2	1
Powell	12	18	16	12	13	18	19
Prairie	0	0	1	1	0	1	0
Ravalli	407	436	453	404	393	340	337
Richland	3	9	12	5	11	9	11
Roosevelt	15	24	50	4	5	3	1
Rosebud	12	8	24	11	4	3	1
Sanders	66	71	77	104	69	64	73
Sheridan	2	1	1	3	3	2	1
Silver Bow	0	0	0	1	0	1	2
Stillwater	39	48	55	59	66	60	49
Sweet Grass	21	16	20	18	27	20	17
Teton	16	12	11	13	10	24	17
Toole	7	9	7	2	7	3	2
Treasure	1	2	1	2	0	0	1
Valley	4	7	9	5	3	1	6
Wheatland	3	2	3	6	4	2	0
Wibaux	0	0	0	1	0	1	0
Yellowstone	91	82	97	96	127	89	88
<b>Montana</b>	<b>3,034</b>	<b>3,286</b>	<b>3,455</b>	<b>3,213</b>	<b>3,081</b>	<b>2,764</b>	<b>3,020</b>

Fig. 21

# MODULAR-MOBILE HOME NEW CONSTRUCTION ELECTRICAL PERMITS

## Montana Building Codes Division

COUNTY	1992	1993	1994	1995	1996	1997	1998
Beaverhead	17	20	52	51	41	48	49
Big Horn	41	34	39	41	38	39	54
Blaine	13	12	18	17	14	9	8
Broadwater	42	51	41	48	44	38	30
Carbon	61	73	98	86	84	64	68
Carter	3	5	5	3	2	7	1
Cascade	154	179	181	194	170	151	140
Choteau	15	12	24	27	16	18	20
Custer	28	49	58	69	81	46	49
Daniels	2	5	4	1	4	7	6
Dawson	16	22	17	25	12	11	8
Deer Lodge	15	13	20	18	13	18	15
Fallon	4	7	11	11	23	20	18
Fergus	57	77	78	75	76	51	35
Flathead	349	334	311	292	291	291	295
Gallatin	137	125	165	227	139	155	131
Garfield	3	10	7	5	8	9	6
Glacier	14	7	7	8	7	6	4
Golden Valley	2	9	6	15	10	11	8
Granite	12	23	27	28	14	18	22
Hill	43	40	35	52	43	51	35
Jefferson	40	48	73	67	52	55	52
Judith Basin	10	21	18	20	17	9	7
Lake	124	157	145	141	142	120	119
Lewis & Clark	314	321	252	232	204	219	194
Liberty	6	5	12	6	4	2	3
Lincoln	137	140	144	155	109	117	126
Madison	40	47	43	66	37	39	31
McCone	5	5	5	2	3	3	3
Meagher	5	9	17	19	10	14	11
Mineral	48	40	45	48	55	59	52
Missoula	196	159	175	162	142	124	188
Musselshell	40	43	53	57	41	29	37
Park	92	78	137	89	84	90	47
Petroleum	5	5	3	7	7	4	1
Phillips	14	12	26	11	14	18	8
Pondera	15	13	21	20	38	18	35
Powder River	8	5	4	9	8	6	4
Powell	24	27	20	25	20	23	23
Prairie	3	3	4	6	2	2	2
Ravalli	244	215	252	186	198	194	163
Richland	16	13	22	29	26	29	24
Roosevelt	25	26	31	25	24	31	26
Rosebud	60	56	79	29	29	58	34
Sanders	65	88	92	111	89	96	75
Sheridan	2	6	0	9	11	8	4
Silver Bow	0	2	1	4	0	1	2
Stillwater	53	57	96	88	67	63	62
Sweet Grass	17	16	12	12	16	11	24
Teton	16	19	20	12	20	18	25
Toole	15	15	26	28	14	11	12
Treasure	2	5	7	3	10	2	4
Valley	10	7	13	6	12	8	10
Wheatland	10	15	19	14	11	3	9
Wibaux	1	5	3	2	2	3	2
Yellowstone	127	149	180	144	142	136	135
<b>Montana</b>	<b>2,817</b>	<b>2,939</b>	<b>3,254</b>	<b>3,137</b>	<b>2,790</b>	<b>2,691</b>	<b>2,556</b>

Fig. 22

# MULTI-FAMILY NEW CONSTRUCTION ELECTRICAL PERMITS

## Montana Building Codes Division

COUNTY	1992	1993	1994	1995	1996	1997	1998
Beaverhead	0	1	4	2	5	5	0
Big Horn	0	0	0	0	0	0	0
Blaine	0	0	0	0	0	0	0
Broadwater	0	0	1	3	0	0	0
Carbon	0	0	1	9	6	3	0
Carter	0	0	0	0	0	0	0
Cascade	0	0	0	0	1	0	1
Choteau	0	0	0	0		0	1
Custer	0	0	2	0	1	0	0
Daniels	0	0	0	0	0	0	0
Dawson	0	0	0	0	1	1	0
Deer Lodge	0	0	0	0	0	0	0
Fallon	0	0	0	0	0	0	0
Fergus	0	0	0	0	0	0	0
Flathead	32	41	39	23	25	28	30
Gallatin	11	25	30	46	37	25	20
Garfield	0	0	0	0	0	0	0
Glacier	0	0	0	0	0	0	0
Golder Valley	0	0	0	0	0	0	0
Granite	0	0	0	0	0	0	0
Hill	0	0	0	0	2	1	
Jefferson	1	0	0	1	4	2	0
Judith Basin	0	0	0	0	0	0	0
Lake	4	7	10	2	5	5	6
Lewis & Clark	1	2	5	1	2	2	0
Liberty	0	0	0	0	0	1	0
Lincoln	1	4	5	2	2	1	3
Madison	6	6	0	1	5	1	2
McCone	0	0	0	0	0	0	0
Meagher	0	0	0	1	0	0	0
Mineral	0	0	0	0	1	0	2
Missoula	1	5	0	2	1	2	1
Musselshell	0	0	0	0	1	0	
Park	0	3	7	7	7	1	1
Petroleum	0	0	0	0	0	0	0
Phillips	0	0	0	0	0	0	0
Pondera	0	0	0	0	0	0	0
Powder River	0	0	0	0	0	0	0
Powell	0	0	1	2	0	0	0
Prairie	0	0	0	0	0	0	0
Ravalli	14	18	15	16	11	16	5
Richland	0	0	0	0	0	0	0
Roosevelt	0	0	0	2	1	0	0
Rosebud	2	0	0	1	0	0	0
Sanders	0	1	0	1	1	1	1
Sheridan	0	0	0	1	0	0	0
Silver Bow	0	0	0	0	0	0	0
Stillwater	0	0	0	1	2	0	0
Sweet Grass	0	0	0	0	0	0	4
Teton	0	0	0	1	0	1	0
Toole	0	0	0	0	0	0	0
Treasure	0	0	0	0	0	0	0
Valley	0	0	0	0	0	0	0
Wheatland	0	0	1	0	0	0	1
Wibaux	0	0	0	0	0	0	0
Yellowstone	2	1	0	2	2	0	1
<b>Montana</b>	<b>75</b>	<b>114</b>	<b>121</b>	<b>127</b>	<b>123</b>	<b>96</b>	<b>79</b>

Fig. 23

## HOUSING AFFORDABILITY

The following analysis examines housing affordability for both homeowners and renters. Housing affordability is estimated by looking at the percentage of monthly income needed to pay housing and utility costs for accommodations.

Data was collected from advertised prices of single family for-sale property and apartment rentals advertised in 53 local newspapers throughout Montana. The data was collected during June and July of 1999. Nearly 1,200 advertisements were tabulated. Apartment rentals involved one, two, and three bedroom units. Single family homes comprised two, three, and four bedroom homes. Another category was added to the single-family homes, a “4 +” group, designed to represent the higher end of the market. These homes have more than four bedrooms, or they have four bedrooms and a scenic view, have water frontage, or have from 1 to 10 acres. However, this overall selection of advertisements does not represent the entire housing market. Condominiums, modular, and mobile homes are excluded, as are two and three bedroom homes situated with water frontage or in golf or resort communities. Furthermore, none of these properties have substantial land attached to them. The approach is designed to characterize the housing market that most Montana citizens face for their primary residence, not the market for vacation homes or land.

Figure 24 on page 46 presents the summary of all the advertised prices collected and the sources of the information. Data was collected for each county, from the area’s local newspaper. If enough advertisements were listed, the county seat was used as the pertinent municipal jurisdiction. Often, prices were not quoted. Telephone inquiries were made to areas where insufficient advertisements quoted a price.<sup>26</sup> Prices for each type of housing, within the area, are the simple average of all prices collected. Sometimes there were many samples for a particular housing type, such as two-bedroom apartments. Other times, there was only a single listing. Several areas had no properties listed at all. Such instances are identified by a ‘—’ blank in the table.

The statewide average one-bedroom for-rent unit was advertised for nearly \$300 per month. Two bedroom units cost nearly \$400 and three bedroom units were \$530 per month. Typically, rental units increase around \$100 for each additional bedroom. The range within these averages, however, is quite large. A one bedroom rental unit can be as little as \$100 per month and exceed \$400 per month. The average advertised price for a three-bedroom unit in Bozeman was in excess of \$700 per month.

Single family two-bedroom homes run about \$63,500, with three bedroom dwellings about \$91,400 and four bedroom units about \$122,700. In general, prices seem to increase about \$30,000 for each additional bedroom. However, the 4+ category exceeds \$210,000 — a large jump. These home prices tend to be vastly higher than the other for-sale properties in more rural, yet very desirable areas, such as outside of Red Lodge, Big Timber, Columbus, or Philipsburg. The 4+ home prices

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26 This data collection methodology does not assure a statistically valid sample. Consequently, data is to be viewed more as illustrative of Montana’s local housing market conditions rather than statistically precise.

are also high in urban areas, but the entire urban market is also higher. Referring to Figure 24 on the next page one can see additional detail about local advertised housing prices.

While the analysis presented is somewhat qualitative in nature, it illustrates market conditions evident today. It also provides an updated look at housing affordability for different sized, for-sale and for-rent, housing units by using current market prices, interest rates, property taxes, and current Section 8 utility allowances.<sup>27</sup> Rental units have utility estimates associated with only energy costs, excluding water, sewer, and refuse collection. For-sale homes have these costs plus the energy charges. This data is not intended to reflect exact estimates of cost burden for Montanans, but rather to offer relevant information depicting the current housing situation in the State. All the utility costs are expressed as an average monthly expenditure, and are shown in Figure 25, page 47.

Montana is not expected to lose any of the current assisted housing inventory. As project based units expire, the families living in those units are converted to tenant based rental assistance.

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27 Figures on utility cost for single-family homes and multi-family units were collected from the September 1998 Utility Allowance Schedules, Montana Housing Assistance Bureau. These include gas space heat and water heat; electric cooking; no air conditioning; and water, sewer, and refuse collection in each of the respective cities.

# AVERAGE ADVERTISED PRICES OF HOUSING THROUGHOUT MONTANA

June-July 1999

County	City	Sources of Data	Rental Property			For-Sale Property			
			1 bd	2 bd	3 bd	2 bd	3 bd	4 bd	4 bd+
Beaverhead	Dillon	Dillon Tribune	270	355	551	84,150	94,931	111,557	195,800
Big Horn	Hardin	Big Horn County News	—	—	—	47,500	88,250	67,000	115,950
Blaine	Chinook	The Journal News-Opinion	165	275	—	41,900	49,750	80,000	103,750
Broadwater	Townsend	The Townsend Star	225	370	475	45,000	73,750	72,900	—
Carbon	Red Lodge	Carbon County News	278	410	575	98,171	127,629	161,750	302,800
Carter	Ekalaka	The Ekalaka Eagle	125	—	325	18,000	25,000	45,000	85,000
Cascade	Great Falls	Great Falls Tribune	320	417	546	71,310	96,908	119,492	205,882
Chouteau	Fort Benton	The River Press	200	300	425	43,860	65,750	—	114,700
Custer	Miles City	Miles City Star	249	349	500	60,250	82,000	—	90,000
Daniels	Scobey	Daniels County Leader	—	170	—	20,000	65,000	78,000	—
Dawson	Glendive	Glendive Ranger Review	220	290	400	27,500	49,533	78,075	—
Deer Lodge	Anaconda	Anaconda Leader	235	366	242	—	80,950	—	—
Fallon	Baker	Fallon County News	175	230	—	35,000	64,825	—	—
Fergus	Lewistown	Lewistown News-Argus	227	328	375	48,571	81,170	117,780	226,000
Flathead	Kalispell	Daily Interlake	346	437	575	76,200	114,118	133,225	232,425
Gallatin	Bozeman	Daily Chronicle	410	531	710	96,500	130,278	152,750	240,308
Garfield	—	—	—	—	—	—	—	—	—
Glacier	Cut Bank	Pioneer Press	275	350	450	59,900	67,967	—	—
Golden Valley	—	—	—	—	—	—	—	—	—
Granite	Philipsburg	The Philipsburg Mail	300	375	450	61,700	70,625	80,000	334,000
Hill	Havre	Havre Daily News	258	366	600	59,533	70,789	76,883	143,914
Jefferson	Boulder	Boulder Monitor & Whitehall Ledger	345	348	—	70,500	92,500	106,000	212,500
Judith Basin	Stanford	Judith Basic News	200	250	300	—	—	—	—
Lake	Polson	Lake County Leader	350	380	425	62,750	99,833	139,500	217,750
Lewis & Clark	Helena	The Independent Record	358	458	575	91,225	116,367	149,457	224,925
Liberty	Chester	Liberty County Times, Inc.	—	300	—	15,000	—	—	149,000
Lincoln	Libby	The Montanian	225	250	—	59,500	84,850	—	282,000
McCone	Circle	Circle Banner	—	238	—	—	—	—	—
Madison	Virginia City	The Madisionian	—	438	475	—	70,600	—	—
Meagher	White Sulfur S	The Meagher County News	188	350	450	—	44,450	—	169,500
Mineral	Superior	Valley Press/Mineral Indep.	238	315	425	58,900	90,000	121,000	250,600
Missoula	Missoula	The Missoulain	405	543	660	109,563	147,312	188,425	271,707
Musselshell	Roundup	The Roundup Record Tribune	218	233	475	34,900	64,533	91,500	—
Park	Livingston	The Park County Weekly	—	—	—	73,000	97,133	114,450	257,600
Petroleum	—	—	—	—	—	—	—	—	—
Phillips	Malta	The Phillips County News	250	275	380	28,333	49,300	—	94,500
Pondera	Conrad	The Independent Observer	270	333	438	50,050	72,100	95,600	—
Powder River	Broadus	Power River Examiner	—	—	—	—	77,900	—	—
Powell	Deer Lodge	Silver State Post	283	283	—	57,500	69,500	—	161,990
Prairie	Terry	The Terry Tribune	225	438	—	49,333	65,450	—	—
Ravalli	Hamilton	The Ravalli Republic	343	411	600	88,833	105,838	—	204,211
Richland	Sidney	Sidney Herald-Leader	206	294	325	40,783	69,043	78,875	109,375
Roosevelt	Wolf Point	The Herald News	250	300	425	25,750	49,250	55,000	—
Rosebud	Forsyth	The Independent-Enterprise/ Rosebud County Press	168	257	—	46,448	69,188	—	—
Sanders	Thompson F.	The Sanders County Ledger	200	330	400	58,467	78,143	91,000	211,667
Sheridan	Plentywood	Sheridan County News	225	313	—	—	62,000	—	—
Silver Bow	Butte	The Montana Standard	253	365	450	78,817	119,100	131,700	198,567
Stillwater	Columbus	Stillwater County News	265	500	725	85,500	106,900	98,700	238,500
Sweet Grass	Big Timber	Big Timber Pioneer	—	515	—	83,667	100,000	136,490	391,333
Teton	Choteau	Choteau Acantha	300	238	—	65,175	77,333	89,900	162,000
Toole	Shelby	The Shelby Promoter	275	327	438	43,380	79,167	68,150	136,380
Treasure	Hysham	Hysham Echo	—	—	—	—	—	—	—
Valley	Glasgow	Glasgow Courier	220	292	375	44,663	70,244	94,200	159,667
Wheatland	Harlowton	Times-Clarion	—	225	—	—	53,450	—	—
Wibaux	Wibaux	The Wibaux Pioneer-Gazette	100	—	300	—	25,000	—	—
Yellowstone	Billings	The Billings Gazette	341	440	593	70,786	104,015	136,285	168,129
<b>Average Cost</b>			<b>295</b>	<b>391</b>	<b>530</b>	<b>63,547</b>	<b>91,440</b>	<b>122,682</b>	<b>210,240</b>
Number of samples			158	219	86	169	263	136	155
Total sample size—1,186									

Fig. 24

# MONTHLY UTILITY COSTS FROM THE SECTION 8 PROGRAM

## SEPTEMBER 1998

County	City	Region	For Rent			For Sale			
			1 bdrm	2 bdrm	3 bdrm	2 bdrm	3 bdrm	4 bdrm	4+ bdrm
Beaverhead	Dillon	12	43	51	69	96	114	136	156
Big Horn	Hardin	7	44	51	68	97	117	140	160
Blaine	Chinook	4	46	55	73	106	129	154	179
Broadwater	Townsend	8	47	55	74	95	112	132	151
Carbon	Red Lodge	7	44	51	68	97	117	140	160
Carter	Ekalaka	3	46	56	72	104	128	151	162
Cascade	Great Falls	15	44	50	62	87	105	123	145
Chouteau	Fort Benton	5	49	59	77	117	136	158	179
Custer	Miles City	3	46	56	72	104	128	151	162
Daniels	Scobey	1	45	54	71	103	123	145	167
Dawson	Glendive	2	46	55	72	98	118	139	161
Deer Lodge	Anaconda	12	43	51	69	96	114	136	156
Fallon	Baker	3	46	56	72	104	128	151	162
Fergus	Lewistown	6	48	57	74	102	122	144	168
Flathead	Kalispell	10	44	51	67	101	122	142	164
Gallatin	Bozeman	16	47	55	73	102	122	145	167
Garfield		2	46	55	72	98	118	139	161
Glacier	Cut Bank	5	49	59	77	117	136	158	179
Golden Valley		6	48	57	74	102	122	144	168
Granite	Philipsburg	12	43	51	69	96	114	136	156
Hill	Havre	4	46	55	73	106	129	154	179
Jefferson	Boulder	8	47	55	74	95	112	132	151
Judith Basin	Stanford	6	48	57	74	102	122	144	168
Lake	Polson	10	44	51	67	101	122	142	164
Lewis & Clark	Helena	13	47	55	73	94	118	143	168
Liberty	Chester	4	48	57	74	102	122	144	168
Lincoln	Libby	10	44	51	67	101	122	142	164
McCone	Circle	2	46	55	72	98	118	139	161
Madison	Virginia City	12	43	51	69	96	114	136	156
Meagher	White Sulfur Sp.	9	46	55	73	100	123	145	168
Mineral	Superior	11	44	52	67	111	128	146	164
Missoula	Missoula	17	44	52	68	102	120	138	160
Musselshell	Roundup	6	48	57	74	102	122	144	168
Park	Livingston	9	46	55	73	100	123	145	168
Petroleum		6	48	57	74	102	122	144	168
Phillips	Malta	1	45	54	71	103	123	145	167
Pondera	Conrad	5	49	59	77	117	136	158	179
Powder River	Broadus	3	46	56	72	104	128	151	162
Powell	Deer Lodge	12	43	51	69	96	114	136	156
Prairie	Terry	2	46	55	72	98	118	139	161
Ravalli	Hamilton	11	44	52	67	111	128	146	164
Richland	Sidney	2	46	55	72	98	118	139	161
Roosevelt	Wolf Point	1	45	54	71	103	123	145	167
Rosebud	Forsyth	3	46	56	72	104	128	151	162
Sanders	Thompson Falls	10	44	51	67	101	122	142	164
Sheridan	Plentywood	1	45	54	71	103	123	145	167
Silver Bow	Butte	18	45	54	72	91	114	139	162
Stillwater	Columbus	7	44	51	68	97	117	140	160
Sweet Grass	Big Timber	7	44	51	68	97	117	140	160
Teton	Choteau	5	49	59	77	117	136	158	179
Toole	Shelby	5	49	59	77	117	136	158	179
Treasure	Hysham	3	46	56	72	104	128	151	162
Valley	Glasgow	1	45	54	71	103	123	145	167
Wheatland	Harlowton	6	48	57	74	102	122	144	168
Wibaux	Wibaux	2	46	55	72	98	118	139	161
Yellowstone	Billings	14	43	53	68	83	102	125	145

Fig. 25

To illustrate the costs of financing a home, local bankers in these communities were randomly selected and contacted. Nearly all bankers were able to discuss their current interest rates and closing fees, which hovered about 8 percent and 1 percent respectively. Fewer were able to address an estimate of property tax rates per \$1,000 of market value or insurance expense per \$1,000. For those institutions that were unable to answer these questions, the average of all other banker responses was used. The list of banks, contact numbers, and data that were collected are presented in Figure 26.<sup>28</sup>

Figure 27 presents estimates of monthly housing costs throughout Montana. The for-rent costs include the estimated utility costs for energy. The for-sale properties represent the costs of housing if the home had been purchased.

Standard conventional financing for home purchase is assumed in the analysis. This comprises a 20 percent down payment and a 1 percent origination fee financed into the price of the loan. To this are added the monthly equivalent payment for property taxes and insurance costs. Hence, purchasing the average three-bedroom home for \$91,440, financed at 8 percent for 30 years would require a down payment and origination fee of \$18,288. The monthly mortgage payment including principal, interest, taxes and insurance would equal \$699. However, since the sample of bankers was taken, home mortgage rates have risen about 50 basis points. Consequently, these affordability estimates must be interpreted as conservative.

The Montana Board of Housing (MBOH) has a variety of housing programs available and finances approximately one in five homes purchased in Montana. BOH programs require less money down and result in lower monthly mortgage payments. The monthly mortgage payment includes principal, interest, taxes and insurance. In comparison to conventional financing referenced above, a \$91,440 home financed at 6.5 percent for 30 years would require a \$2,743 down payment (3%) and have a monthly mortgage payment of \$716 (\$560 principal and interest and \$156 in taxes and insurance). The down payment difference of \$15,545 determines the affordability of the house.

A low income Rural Development \$91,440 housing loan, with a zero down payment and a very low 3.7 percent interest rate, would, over 30 years, result in a monthly mortgage payment of \$577 including taxes and insurance.

A one-bedroom apartment will cost approximately \$340 a month to rent and a three-bedroom apartment average cost equals \$600 per month. Generally speaking, when compared to real income levels, housing is expensive for many Montanans.

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28 Some of the institutions may have merged and are now under new names, or may have changed their telephone numbers. Only one institution's telephone number was completely disconnected.



# FINANCING COSTS FOR HOME OWNERSHIP

June-July 1999

County	City	Banker	Tel #	Int Rate	P Tax Rate	Ins rate	Orig Fees	Othr Fees
Beaverhead	Dillon	Pioneer Federal	683-5191	8.000%	0.0180	0.0035	2.500%	1.000%
Big Horn	Hardin	1st Interstate	665-3822	8.066%	0.0152	0.0052	1.750%	0.909%
Blaine	Chinook	Norwest 18008002506	357-2224	7.875%	0.0152	0.0052	1.750%	0.909%
Broadwater	Townsend	American Fed Sav B	266-3137	7.875%	0.0152	0.0052	1.750%	0.909%
Carbon	Red Lodge	Norwest	446-1620	7.875%	0.0152	0.0052	1.750%	0.909%
Carter	Ekalaka	First National Bank	775-8724	12.000%	0.0190	0.0100	1.750%	0.909%
Cascade	Great Falls	US Bank	455-1103	8.066%	0.0152	0.0052	1.750%	0.909%
Chouteau	Fort Benton	1st State Bank	622-3351	8.000%	0.0117	0.0067	1.750%	1.000%
Custer	Miles City	US Bank	232-0810	8.066%	0.0152	0.0052	1.750%	0.909%
Daniels	Scobey	First Bank of Havre	487-2282	7.875%	0.0200	0.0080	1.750%	1.000%
Dawson	Glendive	Heritage Bank	365-5651	7.500%	0.0138	0.0051	1.750%	1.000%
Deer Lodge	Anaconda	Norwest	563-3483	7.875%	0.0152	0.0052	1.750%	0.909%
Fallon	Baker	Norwest	778-3348	7.875%	0.0152	0.0052	1.750%	0.909%
Fergus	Lewistown	Western Security	538-7448	8.125%	0.0152	0.0052	1.750%	1.000%
Flathead	Kalispell	Galcier Bank	756-4270	8.066%	0.0152	0.0052	1.750%	0.909%
Gallatin	Bozeman	Empire Federal	586-2309	8.066%	0.0152	0.0052	1.750%	0.909%
Garfield				8.066%	0.0152	0.0052	1.750%	0.909%
Glacier	Cut Bank	1st Interst	873-2265	7.990%	0.0185	0.0040	1.750%	1.000%
Golden Valley				8.066%	0.0152	0.0052	1.750%	0.909%
Granite	Philipsburg	Flint Creek Valley Bank	859-3241	8.000%	0.0180	0.0050	1.750%	1.000%
Hill	Havre	Norwest	265-2264	7.875%	0.0152	0.0052	1.750%	0.909%
Jefferson	Boulder	First Boulder Valley	225-3351	8.250%	0.0167	0.0052	1.750%	1.000%
Judith Basin	Stanford	Basin State Bank	566-2238	8.250%	0.0152	0.0052	1.750%	1.000%
Lake	Polson	Glacier Bank	883-4375	8.066%	0.0152	0.0052	1.750%	0.909%
Lewis & Clark	Helena	US Bank	447-5215	8.066%	0.0152	0.0052	1.750%	0.909%
Liberty	Chester	Norwest	759-5106	7.875%	0.0152	0.0052	1.750%	0.909%
Lincoln	Libby	Glacier Bank	293-4109	8.000%	0.0150	0.0050	1.750%	1.000%
Madison	Virginia City	First Madison Valley B	682-4215	8.000%	0.0200	0.0040	1.750%	1.000%
McCone	Circle	Norwest	485-2731	7.875%	0.0152	0.0052	1.750%	0.909%
Meagher	White Sulfur S.	First National B	547-3331	8.000%	0.0152	0.0044	1.750%	1.000%
Mineral	Superior	Norwest Bank	822-4224	7.875%	0.0152	0.0052	1.750%	0.909%
Missoula	Missoula	1st Interstate	523-4200	8.000%	0.0140	0.0040	1.750%	1.000%
Musselshell	Roundup	Norwest	323-2000	7.875%	0.0152	0.0052	1.750%	0.909%
Park	Livingston	Empire Federal	222-1981	8.000%	0.0150	0.0036	1.000%	1.000%
Petroleum				8.066%	0.0152	0.0052	1.750%	0.909%
Phillips	Malta	First Security	654-2221	8.000%	0.0217	0.0050	1.000%	1.000%
Pondera	Conrad	Western Security	278-7551	8.066%	0.0152	0.0052	1.750%	0.909%
Powder River	Broadus	Rocky Mountain	436-2611	8.066%	0.0133	0.0052	1.750%	0.909%
Powell	Deer Lodge	1st Security	846-2300	8.066%	0.0152	0.0052	1.750%	0.909%
Prairie	Terry	State Bank of Terry	537-5591	8.066%	0.0152	0.0052	1.750%	0.909%
Ravalli	Hamilton	Citizens State Bank	363-3551	7.875%	0.0100	0.0040	1.750%	1.000%
Richland	Sidney	Norwest	482-2321	7.875%	0.0152	0.0052	1.750%	0.909%
Roosevelt	Wolf Point	First Community Bank	653-2010	8.066%	0.0152	0.0052	1.750%	0.909%
Rosebud	Forsyth	Norwest	356-2961	7.875%	0.0152	0.0052	1.750%	0.909%
Sanders	Thompson F.	First State Bank	827-3565	7.865%	0.0117	0.0050	0.500%	1.000%
Sheridan	Plentywood	Rocky Mountain Bank	765-2265	7.800%	0.0100	0.0044	2.000%	1.000%
Silver Bow	Butte	1st Natnl of Mt	494-6111	8.000%	0.0188	0.0050	2.500%	1.000%
Stillwater	Columbus	Yellowstone B	322-5366	8.066%	0.0152	0.0052	1.750%	0.909%
Sweet Grass	Big Timber	Citizens	932-5311	8.600%	0.0114	0.0050	1.750%	0.909%
Teton	Choteau	Citizens State B	466-5743	8.125%	0.0100	0.0044	2.500%	0.909%
Toole	Shelby	1st State Bank	434-5525	7.500%	0.0152	0.0052	1.750%	0.909%
Treasure	Hysham	Stockman Bank	342-5214	8.066%	0.0067	0.0052	1.750%	0.909%
Valley	Glasgow	Western Security	228-9361	8.125%	0.0143	0.0052	2.000%	1.000%
Wheatland	Harlowton	Continental National	632-4373	8.066%	0.0217	0.0083	1.750%	0.909%
Wibaux	Wibaux	Stockman Bank	795-2424	8.066%	0.0152	0.0052	1.750%	0.909%
Yellowstone	Billings	1st Interstate	255-6090	8.066%	0.0152	0.0052	1.750%	0.909%

Fig. 26

# MONTHLY COST OF HOUSING THROUGHOUT MONTANA

June-July 1999

County	City	For Rent			For Sale			
		1 bdrm	2 bdrm	3 bdrm	2 bdrm	3 bdrm	4 bdrm	4+ bdrm
Beaverhead	Dillon	313	406	620	590	671	791	1,305
Big Horn	Hardin	—	—	—	378	638	536	845
Blaine	Chinook	211	330	—	349	418	618	781
Broadwater	Townsend	272	425	549	356	540	555	—
Carbon	Red Lodge	322	461	643	666	857	1,078	1,916
Carter	Ekalaka	171	—	397	252	334	521	861
Cascade	Great Falls	364	467	608	508	677	829	1,361
Chouteau	Fort Benton	249	359	502	374	522	—	852
Custer	Miles City	295	405	572	460	612	—	694
Daniels	Scobey	—	224	—	219	500	597	—
Dawson	Glendive	266	345	472	252	395	576	—
Deer Lodge	Anaconda	278	417	311	—	584	—	—
Fallon	Baker	221	286	—	307	504	—	—
Fergus	Lewistown	275	385	449	391	604	844	1,510
Flathead	Kalispell	390	488	642	551	796	929	1,537
Gallatin	Bozeman	457	586	783	672	892	1,047	1,587
Garfield	—	—	—	—	—	—	—	—
Glacier	Cut Bank	324	409	527	468	535	—	—
Golden Valley	—	—	—	—	—	—	—	—
Granite	Philipsburg	343	426	519	458	529	606	2,117
Hill	Havre	304	421	673	451	540	600	1,014
Jefferson	Boulder	392	403	—	519	668	769	1,428
Judith Basin	Stanford	248	307	374	—	—	—	—
Lake	Polson	394	431	492	472	712	966	1,450
Lewis & Clark	Helena	405	513	648	633	805	1,026	1,497
Liberty	Chester	—	357	—	189	—	—	1,032
Lincoln	Libby	269	301	—	450	620	—	1,819
McCone	Circle	—	293	—	—	—	—	—
Madison	Virginia City	—	489	544	—	524	—	—
Meagher	White Sulphur Springs	234	405	523	—	384	—	1,163
Mineral	Superior	282	367	492	453	650	848	1,618
Missoula	Missoula	449	595	728	745	985	1,244	1,755
Musselshell	Roundup	266	290	549	304	496	675	—
Park	Livingston	—	—	—	529	693	817	1,680
Petroleum	—	—	—	—	—	—	—	—
Phillips	Malta	295	329	451	269	412	—	722
Pondera	Conrad	319	392	515	413	562	723	—
Powder River	Broadus	—	—	—	—	588	—	—
Powell	Deer Lodge	326	334	—	436	525	—	1,113
Prairie	Terry	271	493	—	389	505	—	—
Ravalli	Hamilton	387	463	667	626	742	—	1,349
Richland	Sidney	252	349	397	335	518	597	795
Roosevelt	Wolf Point	295	354	496	255	414	470	—
Rosebud	Forsyth	214	313	—	373	529	—	—
Sanders	Thompson Falls	244	381	467	440	575	669	1,391
Sheridan	Plentywood	270	367	—	—	480	—	—
Silver Bow	Butte	298	419	522	554	813	912	1,328
Stillwater	Columbus	309	551	793	602	748	723	1,569
Sweet Grass	Big Timber	—	566	—	616	738	987	2,589
Teton	Choteau	349	297	—	504	595	692	1,141
Toole	Shelby	324	386	515	360	579	539	942
Treasure	Hysham	—	—	—	—	—	—	—
Valley	Glasgow	265	346	446	368	540	705	1,115
Wheatland	Harlowton	—	282	—	—	438	—	—
Wibaux	Wibaux	146	—	372	—	266	—	—
Yellowstone	Billings	384	493	661	501	716	930	1,138
<b>Montana Avg.</b>		<b>341</b>	<b>444</b>	<b>600</b>	<b>476</b>	<b>657</b>	<b>863</b>	<b>1,400</b>

Fig. 27

## **SUMMARY**

Housing affordability continues to be a significant issue in Montana, with many areas experiencing tight markets and rapidly rising costs. The issue is made more complex by the fact that such markets are not uniformly distributed around the State. Housing in rural areas is generally less expensive than in more urbanized areas.

Even though interest rates have been at historic lows since 1992, housing prices have been rising, making it more difficult for individuals to afford homes. In addition, increasing pressures on the rental markets continue to increase housing costs for all tenants.

Construction activity has slowed over the last couple of years, initially compounding a shortage of affordable homes on the market for homebuyers. However, if recent demographic trends extend into the future, some relaxation in the housing market could emerge in selected areas of the State.<sup>29</sup>

## **HOMELESS FACILITIES**

The 1999 Montana Continuum of Care (C of C) Coalition selected as its priority action step, sponsoring the first statewide survey of homeless. The survey was completed April 27, 1999 and the summary results are included in Section II Housing Needs. The second priority action of the Montana C of C is to prepare, publish and distribute a statewide homeless resources directory. The second priority will be completed during the year 2000. Montana Department of Commerce updated the 1994 Directory of Homeless Resources and Listing of Service Providers in Montana in March 1999<sup>30</sup> and is the only resource available at this time.

The State's 100 shelters provide a well-developed system and network of emergency shelter due, in part, to the distribution of Emergency Shelter Grant and FEMA funds through the statewide web of the Human Resource Development Councils. These funds help sustain emergency shelters for general or prioritized populations of homeless people such as victims of domestic violence or homeless youths and also provide motel vouchers in rural areas where there is no shelter facility. The Salvation Army units throughout the State also provide motel vouchers and emergency assistance for basic needs, including transportation. Three emergency shelters for psychiatric crisis are available in three urban communities. The flexibility of the motel vouchers, coupled with the emergency shelters serves the emergency, short-term needs of Montana's homeless fairly well.

Transitional housing with supportive services continues to be in high demand. Only 136 units of transitional housing were inventoried in 1998. Good transitional housing programs are vital to providing stabilization, in conjunction with supportive services such as case management, life-skills training, child care programs, counseling, or chemical dependency treatment. Through these programs, the homeless attain the skills needed to move on to permanent housing and self-sufficiency.

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29 Economic and Demographic Analysis of Montana, September 1999.

30 Contact the Montana Department of Commerce, Housing Division, 836 Front Street, Helena, MT 59620

A shortage of transitional housing options has created bottlenecks in local communities, leaving homeless individuals without meaningful housing choices. This often results in placement into permanent housing before the individual is ready, or simply a return to the streets.

### **Supportive Services**

Local areas in Montana have developed a wide array of services available for people who are homeless or at risk of homelessness. Case management, day care, food stamps, commodities, clothing, job training and employment, basic education, public health, medical care and prescription services, housing counseling, laundry and shower facilities, assistance with various applications, parenting classes, transportation, and outpatient counseling and therapy are provided and prioritized to special needs populations. The special needs populations include families with children, the mentally ill, victims of domestic violence, adults with chemical dependency, pregnant teens, runaway youth, and those who are permanently or temporarily disabled.

Baseline supportive services are available in every region of Montana through: Health Departments, Offices of Public Assistance (Welfare Offices), Human Resource Development Councils, Chemical Dependency Providers, Food Banks and Networks, Indian Centers and Tribal Authorities, Salvation Army, Veterans Centers, Domestic Violence Programs, Mental Health Centers, and Public Housing Authorities.<sup>31</sup>

### **Special Need Facilities and Services**

As households make less money, their likelihood of being homeless increases. Hence, the very low-income households are particularly vulnerable to increases in the unemployment rates, economic fluctuation and slowdown, and public policy issues. During the last biennium, 26 people moved from the Montana Developmental Center (MDC) and Eastmont Human Services Center (EHSC) to community-based services, decreasing the total current population at MDC to 86, and at EHSC to 42.<sup>32</sup> Montana has several facilities located throughout the State to help the special needs population.

Currently, 3,469 people are receiving services through the Developmental Disabilities Program and 1,200 individuals are living in Children's Community Homes, Intensive Community Homes, Adult Community Homes, and Senior Community Homes.

A directory of services and facilities is available, which provides a list of addresses and telephone numbers for organizations and agencies that provide services and support to people in Montana with developmental disabilities.<sup>33</sup> It contains 120 major listings, with many organizations offering multiple services.

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31 1999 Montana Continuum of Care Application

32 Developmental Disabilities Program, Disability Services Division, Department of Public Health and Human Services, January, 1999.

33 Montana Department of Public Health and Human Services, PO Box 4210, Helena, MT 59604

## IV. Housing Obstacles

There are many obstacles to affordable housing in Montana. Some of the obstacles such as lead-based paint can be found, tested and removed. Other barriers such as the high cost of expanding new development can be documented and regulated. Other barriers are more subjective and have no easy-fix answers. Prioritization of housing obstacles begins at the local level.

### LEAD-BASED PAINT

Lead is a metal that has been mined for thousands of years. In the past, it was used to make common items found in or near homes. These items include paint, gasoline, water pipes, and food cans. The primary concern related to housing is the use of residential lead-based paint in older homes. Lead pigments were added to paint to improve durability. A home built before 1978 is likely to have surfaces painted with lead-based paint. Lead is highly toxic and exposure to it can be dangerous, especially for young children.

Lead-based paint is a significant issue in Montana's housing stock. According to the Montana Housing Condition Study, of the 342,040 homes in Montana 138,322 (Approximately 40%) are pre-1960 vintage. According to the 1990 census 30.1% of Montana's housing stock is pre-1950. As mentioned earlier, pre-1978 is generally considered to be the most at risk or "target housing" in terms of lead-based paint concerns. Recently, additional focus has been placed on pre-1950 housing as having the greatest likelihood of lead-based paint. This older housing stock is also most likely to have "lead-based paint hazards"-chipping, peeling, deteriorated paint. Not only does the age of Montana's housing indicate the potential for lead-based paint; but, based on the high percentage of units having a Fair - Unsound CDU classification, the potential for exposure to lead-based paint in fair - poor condition is great.

The Montana Lead Education Assessment and Detection (LEAD) Program, a childhood lead poisoning prevention program (CLPPP) funded by the U.S. Centers for Disease Control and Prevention (CDC), coordinates blood lead testing for children across the state, and maintains a database for blood-lead testing data for children across the state. As of June 30, 1999, 15,152 children had been tested in Montana counties. The highest blood-lead levels were at 30-44 ug/dL with 10 cases detected.<sup>34</sup> The current CDC level of concern is 10 ug/dL. Although recent data indicates that the statewide average of children having elevated blood lead (EBL) levels (10 ug/dL) appears to be slightly lower than the national average (3.3% vs. 4.4%), certain communities have a higher prevalence rate, i.e., Silver Bow County 6.0%.

The map on the following page shows the number of children tested in each County throughout Montana. Missoula, Silver Bow, Cascade, and Yellowstone have had the greatest number of children

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34 Child List Summary for Montana, June 30, 1999, provided by Karen Byrnes, Director, Montana LEAD Program.

tested, mainly due to population density. Testing data for a particular county may be obtained by contacting the Montana LEAD Program.<sup>35</sup>

## MONTANA LEAD EDUCATION ASSESSMENT DETECTION PROGRAM

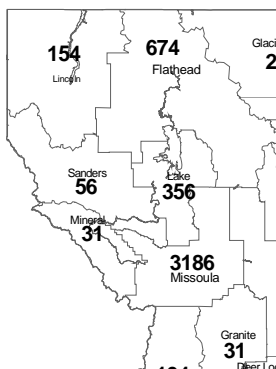


Fig. 28

Silver Bow county has a CLPPP specifically targeted to the residents of Butte. This program is funded with Superfund dollars, a grant from the U.S. Environmental Protection Agency, and the U.S. Department of Housing and Urban Development. This program is able to offer lead abatement assistance to local residents, with the majority of their efforts targeted to families with young children and particularly those with elevated blood-lead levels.

In 1997, Lewis & Clark County received an education grant from the U.S. Department of Housing and Urban Development. The purpose of this grant is to provide lead hazard awareness to all county residents and to promote lead screening of children ages 6 months to 6 years. Within Lewis & Clark county, the town of East Helena also has a CLPPP targeted to local residents. This community receives funding from the local lead smelter and the U.S. EPA. A limited amount of funds are targeted for residential lead-paint abatement, but the main abatement focus has been residential soils.

The East Helena Program, currently funded by ASARCO, provides a variety of public health services to the community. Program activities include community outreach, blood lead-level screening, educational programs, and environmental sampling.

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35 Montana LEAD Program, Butte-Silver Bow health Department, 25 West Front Street, Butte, MT 59701; (406) 723-5040 or 1-800-354-6465.

The East Helena Program also serves as an intermediary between the ASARCO soil removal program, the community, and county, state, and federal agencies.

## **INCREASED POPULATION**

In the eight years from 1990 to 1998, Montana's population expanded by more the 81,400 people. The population is dispersed unevenly throughout the State, with some counties gaining far more people than others. In the rapid growth areas of the State, many households face an appreciable cost burden. HUD defines cost burden as housing expenditures exceeding 30 percent of the household's income. Housing in rural areas is generally less expensive than in more urbanized areas. In these areas, homebuyer problems relate to acquiring traditional mortgages for the dwellings, or simply locating suitable rental units. Even though interest rates have been at historic lows since 1992, housing prices have been rising, making it more difficult for individuals to afford homes. Increasing pressures on the rental markets continue to increase housing costs for all tenants.<sup>36</sup>

A recent Housing Condition Study identified over 12,000 residential units as being in poor shape with another 46,500 dwellings rating only fair, indicating a significant degree of deferred maintenance. This is nearly 18 percent of Montana's residential structures. About 17 percent or 9,328 commercial rental units are either unsound or in need of improvement.<sup>37</sup> A side effect of the number of units now requiring rehabilitation is that the physical condition of the houses will not pass an FHA inspection, and in turn, will not qualify for an average interest rate of 8.06%. Since most mortgages are sold on the secondary market, homes that require rehabilitation must either be financed at a higher interest rate (average of 12%) or the owner must face additional costs to rehabilitate the home in order to pass the FHA inspection prior to selling it.

## **LOCAL REGULATIONS AND BUILDING CODE RULES**

The cost of housing through both development of new housing and maintenance of existing structures is affected by policies, land use controls, zoning ordinances, building codes, fees and growth limits. A combination of many factors contribute to the ever rising housing costs.

The Montana Board of Housing Working Group identified the following issues that may impact housing:

Building Codes—The need for review

Legislative Process—The benefits of housing

Zoning/Comprehensive Planning

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<sup>36</sup> Economic and Demographic Analysis of Montana, September 1999.

<sup>37</sup> Economic and Demographic Analysis of Montana, September 1999

Subdivision Standards

Disincentives to Build in City Limits

Financing for Infrastructure Costs

In recent years the cost of new home construction in Montana has greatly outstripped personal income growth. The result has been a rapid creation of a housing affordability crisis, particularly in the low-moderate and middle-income components of the Montana housing market. One potential element of these cost factors is the uniform building code standards adopted by the Montana Department of Commerce.<sup>38</sup>

## **FAIR HOUSING CHOICE**

Federal and State fair housing laws are designed to protect the rights of individuals who might be subject to discrimination during housing transactions such as sales, rentals, providing real estate services, and making mortgage loans. People in Montana are protected on the basis of:

- Race
- Color
- Religion
- Creed
- Sex
- Marital status
- Age
- Familial status
- Physical or mental disability
- National origin

Montana updated the *Analysis of Impediments to Fair Housing Choice* in November 1999. The analysis builds upon and expands the work performed for the 1996 Analysis of Impediments. Material analyzed includes six years of lending data from the Home Mortgage Disclosure Act. It also includes additional media accounts, housing complaint records from the Montana Human Rights Bureau, the US Department of Housing and Urban Development (HUD) and Montana Fair Housing, as well as over 200 telephone interviews with people knowledgeable about housing throughout Montana.

Impediments are defined as actions, omissions, or decisions that restrict, or have the effect of restricting housing choice for the protected classes. While five primary impediments were identified in 1996, the list is now reduced to two. These impediments are:

- Being treated with different terms and conditions when seeking rental property; and,
- Experiencing disparate treatment in rental housing.

There may be a third impediment. It was discovered during analysis of Home Mortgage Disclosure Act data. The denial rates have increased dramatically in recent years, especially for Native Americans. It appears that a handful of out-of-state lenders, most of whom are regulated by HUD, hand out

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<sup>38</sup> Information provided by Roger Pedersen, MDOC, Housing Working Group.



the vast majority of these denials. Consequently, it is difficult to determine if the denials accurately portray the applicant's financial status or if there are institutional barriers in the lending industry.

- There may be institutional obstacles in lending for sales of property.

Through the diligent and cooperative efforts of many agencies and organizations throughout Montana, two of the impediments identified in 1996 have been drastically reduced:

- Encountering discriminatory advertising; and,
- Facing restrictive covenants in the sale of property.

Overall, impediments to fair housing still exist in Montana; they are faced by all protected classes, with varying degrees of frequency and severity.<sup>39</sup>

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<sup>39</sup> Analysis of Impediments to Fair Housing, February 2000.



## **V. Non-housing Community Development Needs**

Non-housing community development needs include those activities, in addition to providing safe and decent housing, that will improve and develop viable communities. The Montana Community Development Block Grant Program strives to achieve the goal of providing suitable living environments through improvements in community infrastructure and expansion of economic opportunities. Below is a summary of the many types of local government infrastructure needs identified across Montana. Following that is a narrative summarizing Montana's economic development needs.

### **PUBLIC FACILITY NEEDS**

Infrastructure is defined as the collective, long-term investment by citizens in facilities and installations necessary to their safety and convenience. Examples include transportation facilities (roads and bridges), utilities (water, wastewater and solid waste disposal) and public protection (fire stations and jails). All elements of infrastructure require periodic maintenance, expansion, and/or replacement.

Maintaining infrastructure in Montana presents a particularly great challenge because of the State's vast size and small population. There are not enough people to affordably share all the costs of infrastructure needs in the state. It is therefore crucial to identify specific needs and costs, so that priorities can be established and funding sought.

Not only vast size and a small population effect the effort to provide adequate infrastructure for the State's communities. In many communities, major improvements have not been undertaken since the public works projects of the 1930's. In these towns and counties, this infrastructure (water, sewer lines, roads, bridges, etc.) is now 60 years old or older and has reached the limit of its life span and must now be replaced. Many Montana communities have simply lacked the cash resources to replace and upgrade outmoded public facilities to modern day standards.

The problem is further exacerbated by the significant population growth and development activity now occurring in many parts of Montana. Additionally, in some rural areas individual septic systems installed in the 1950's and 1960's are now failing and need to be replaced with central wastewater treatment facilities.

Not only is public health and environmental quality threatened, family septic systems and substandard water treatment and sewage facilities affect a community's economic and employment growth capacity, or even stability. Over time, this causes an incremental shrinking of a community's economic base. The cumulative impact of decline in many communities is an overall decline in the State's economy and potential for economic growth.

Two surveys have been conducted in recent years. One of *Local Government Public Facility Infrastructure Needs*, specifically addressing needs within the direct management responsibility of Montana local governments, and a second to address *Water and Wastewater Needs for Unincorporated Areas* in the State that do not presently lie within an organized water or sewer district.

## **SURVEY: LOCAL GOVERNMENT INFRASTRUCTURE NEEDS**

### **Water Systems**

Public water systems are established in order that communities may be provided with dependable, safe and convenient supplies of water for drinking, domestic uses, fire protection, and irrigation uses. Major components of water systems include supply (source), treatment, storage, pumping and distribution facilities. Operating authorities typically consist of cities, towns and districts (counties). According to lists received from the Department of Environmental Quality, there are 180 public water systems in the state. It is estimated that \$165 million is required to address the needs identified for Montana's water systems.

### **Wastewater Systems**

Wastewater systems, also known as sanitary sewer or sewage systems, convey and dispose of human and industrial waste, thus protecting the public from health hazards and nuisances. The primary components of wastewater systems are collection, pumping and treatment facilities. Local operating authorities typically consist of cities, towns and districts (counties). Records obtained from the Department of Environmental Quality indicate that there are 191 public wastewater facilities in the state. Results of this analysis indicate a \$161 million need for wastewater facilities in this state.

### **Solid Waste Facilities**

Solid waste facilities provide protection to human health and the environment by maintaining adequate management and disposal services for waste created by the general population. Components of solid waste facilities include collection, transfer and disposal. Cities, counties or private entities typically conduct solid waste management. Only needs of public entities such as towns, cities and districts (counties) are covered by this report. Based on information provided by the Waste Management Division of the DEQ, 105 public solid waste facilities are in operation. Solid waste needs totaling \$13 million have been quantified for Montana.

### **Roads/Streets**

Roads and streets built to federal, state and local standards provide a safe and convenient method of travel essential to basic industry, business, recreation, and emergency transportation, as well as many other uses. Local governments are responsible for construction, reconstruction or rehabilitation of all public roads and streets not under the jurisdiction of the State of Montana or federal government. There are an estimated 2,780 miles of city streets and 60,813 miles of county roads in Montana. Improvements of \$1.0 billion have been identified to address the needs of these roads.

## **Bridges**

The Montana Department of Transportation has identified 2,300 bridges in Montana greater than 20 feet in length, of which 583 need repairs or replacement at an estimated cost of \$142 million. No estimate was prepared for county bridges 20 feet or less in length. However, total needs are likely in the tens of millions of dollars.

## **Storm Sewers**

At present, storm sewer treatment is needed only for communities with populations over 50,000. However, minimal treatment is already achieved in many facilities via detention ponds. Storm drainage for most small communities typically centers along the highway corridor that passes through town. This often includes some curb and gutter, with a few catch basins and collection piping. Storm drainage improvements are not considered high priorities in most small communities. Six storm drainage projects have been documented at an estimated cost of \$31 million. It is likely that the actual needs for storm drainage facilities in Montana exceed \$100 million.

## **Fire Stations**

Fire stations provide not only a center for emergency vehicle and equipment storage but also a center for emergency personnel to gather and train. There are currently 344 fire departments in Montana with approximately 9,600 fire fighters. Of these 9,600, only about 400 are full-time, paid fire fighters. Montana is experiencing a crisis with its fire protection facilities due to its rapid growth, particularly in remote, wooded areas that are difficult to service. The estimated cost of addressing Montana's fire station needs is \$35 million, not including fire fighting equipment.

## **Police Stations/Law Enforcement Centers**

Police Stations and Law Enforcement Centers are integral to the public's protection. Central places are needed to dispatch emergency personnel and provide for working and training environments. Needs for these facilities have been estimated at of \$42 million.

## **Jails**

Jails exist to protect the general public from real and perceived dangerous persons who pose a threat to society. Jails are used as holding facilities for persons awaiting hearings or trials and for prisoners sentenced to limited terms. Jail construction and operation standards are designed to protect society and afford constitutional rights to prisoners. These restrictions, along with increasing operation and maintenance costs, are tending to drive local governments toward plans for regional facilities rather than construction of new jails. An estimated \$23 million is needed to address the identified needs for jails in Montana.

## **Handicapped Accessibility for Public Facilities or Buildings**

In 1990, federal legislation was enacted which has become known as the Americans with Disabilities Act. This act requires that all facilities or buildings must be accessible to the physically impaired.

Examples of areas requiring modifications for accessibility are building entrances and exits, floor levels, and restrooms. ADA requirements are enforced on a Federal level with no jurisdiction available to state and local entities. Thus, if a violation is noted, a complaint must be lodged with the U.S. Department of Justice. At present, the dollars required to meet the needs for this infrastructure component cannot be quantified. The requirements are still new and not well understood by public entities. Public awareness and enforcement will likely be required before actual needs are realized and estimated.

Figure 29 provides a summary of the infrastructure needs for local government managed facilities only.

**Summary Chart****MONTANA STATEWIDE LOCAL GOVERNMENT ESTIMATE OF INFRASTRUCTURE NEEDS****Local Government Managed Facilities Only****October, 1995**

<b>Facility &amp; Priority Order for Data Collection and/or Analysis</b>	<b>Total # of Local Government Facilities or Systems in State</b>	<b># of Facilities Needing Major Improvements or Construction</b>	<b>Dollars Needed (Current \$, Millions)</b>	<b>Lead Agency and Contact Person</b>
1. Water Systems	180	71	\$165	DEQ, Water Quality Division, Jim Melstad
2. Wastewater Systems	191	89	\$161	DEQ, Water Quality Division, Scott Anderson
3. Solid Waste Facilities (Does not include community collection facilities)	105	20	\$13	DEQ, Waste Management Division, Jon Dilliard
4. Roads/Streets (Local Government)	City Streets - 2780 miles County Roads - 60,813 miles	City Streets - 1,100 County Roads - 14,000	\$1,000	MDOT, Dan Martin
5. Bridges	2,300 (20' or longer)	583	\$142	MDOT, Bridge Bureau, Jeff Meyer
6. Storm Sewer Systems (Drains, swales, etc.)	Unknown	6 Documented	\$31	DEQ, Water Quality Division, Scott Anderson
7. Fire Stations	344 Departments	Total Unknown (33 documented)	\$35	MDOJ, Fire Safety, Bruce Suenram
8. Police Stations/ Law Enforcement Centers	184	35 Documented	\$42	MDOJ, MT Board of Crime Control, Jim Oberhoffer
9. Jails	54 (Does not include holding facilities)	10 Documented	\$23	MDOJ, Board of Crime Control, Gene Kiser
10. Handicapped Accessibility for public facilities or buildings	Unknown	Unknown	Unknown	No single agency or person for Montana
<b>TOTAL</b>			<b>\$1,612</b>	

Fig. 29

## **SURVEY: WATER AND WASTEWATER NEEDS FOR UNINCORPORATED AREAS OF MONTANA**

The focus on funding for water and wastewater system improvements in Montana has traditionally been at the municipal and county district level. The problems and needs of the unincorporated, rural areas of the state not served by county water or sewer districts have often been overlooked. Small subdivisions, mobile home parks, and clusters of homes are essentially small communities that commonly have individual wells, on-site wastewater treatment systems, or both. Numerous factors have contributed to these areas experiencing problems with their water and wastewater systems.

Implementing, operating and maintaining rural water and wastewater systems in Montana is a big challenge due to the state's vast expanse and relatively small population. Often there is insufficient population in areas to affordably share all the costs of infrastructure needs. It is therefore crucial to quantifying needs and costs in order to establish priorities and seek funding assistance. All 56 counties in Montana were asked to respond to a mail survey related to water and sewer needs in non-incorporated areas in the state. Forty counties responded, and based on that information, it is estimated that more than \$265 million is required to address the water and wastewater needs of the non-incorporated, non-districted areas of Montana.

This estimate is based on information collected to date. However, it is likely to be significantly understated as the information was obtained from only 40 counties. Assuming that the 16 non-responding counties are similar in terms of need to the 40 that responded, the projected infrastructure requirements could increase another \$110 million. Thus the actual water and wastewater needs of unincorporated or non-district areas of Montana may be considered to range from a low of \$265 million to as high as \$375 million, as seen in the table below.

### **WATER & WASTEWATER COST ESTIMATE SUMMARY NEEDS FOR UNINCORPORATED AREAS OF MONTANA**

#### **Water Systems Needs**

81 Water Systems Identified	\$ 80,000,000
30% Engineering/Legal/Acquisition/Contingencies/etc.	\$ 25,000,000
Subtotal	\$ 105,000,000

#### **Wastewater System Needs**

92 Wastewater Systems Identified	\$ 122,000,000
30% Engineering/Legal/Acquisition/Contingencies/Etc.	\$ 38,000,000
Subtotal	\$ 160,000,000

TOTAL FOR 40 COUNTIES	\$ 265,000,000
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ESTIMATES FOR 16 ADDITIONAL COUNTIES	\$ 110,000,000
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<b>Total Rural Montana Needs</b>	<b>\$ 375,000,000</b>
----------------------------------	-----------------------

Fig. 30



Only water and wastewater needs for areas with potential projects were identified. Projects already under way or funded but not yet under construction were not included. The questionnaire requested information on areas that may need a central water and/or sewer system within 10 years. Compliance with federal, state and local design standards was considered. Unless a response indicated that water or wastewater systems were currently acceptable, cost estimates were prepared for implementation of new central systems for both.

According to MDEQ records, there are 180 public water systems and hundreds of privately owned systems. MDEQ does not keep track of individual systems or clusters of such systems. Survey responses indicate 81 areas that need water system improvements. Unless the response specifically stated that the water system was satisfactory, the consultant assumed improvements were necessary.

The estimated costs are very rough and should be used as orders of magnitudes, not for budgeting. Numerous unknowns such as topography variations, high groundwater, bedrock, soil types, environmental restrictions, easement and property acquisition, density of areas, etc., may cause significant differences from estimated cost ranges utilized by the consultant.

The total estimated construction cost for the 81 entities needing water system improvements is \$79.5 million. An additional 30 percent should be added to this figure to account for likely engineering, legal, contingencies, acquisition and any other costs that may not have been included in the estimates. This would result in a total estimated capital cost of about \$105 million.

According to MDEQ, there are 191 public wastewater systems in the State and 77 privately owned systems. As with water systems, MDEQ does not keep a record of individual systems or small clusters of such systems. The responses received identify 92 areas that are in need of wastewater system improvements.

Identified populations and general knowledge of costs for typical wastewater system improvements were utilized to prepare very general cost estimates. The total estimated construction costs for these 92 entities is \$122 million. As with the water system improvements, it is suggested that an additional 30 percent be added to this figure to allow for engineering, legal, contingencies, acquisition and other. This results in a total estimated capital cost of approximately \$160 million. This value is also likely to be overly conservative, due to only 40 counties responding.

### **Summary of Water and Wastewater System Needs**

Estimates are based on information collected to date. However, it is likely to be overly conservative, as the information is obtained from only 40 counties. Assuming that the 16 non-responding counties are similar in composition and need to those 40 that responded, prospective infrastructure requirements could increase another \$110 million. Thus actual water and wastewater needs of unincorporated or non-district areas of Montana may be considered to range from a low of \$265 million to \$375 million, as seen in Figure 30.

## Limitations of Study Results

Cost estimating information presented in this section was based on sound engineering judgment, using the best information available. There is no black and white answer to the question of water and sewer needs for non-municipal or non-district areas. Rather, this document should be considered the first step in a continuing process to identify and address the needs of Montana's rural areas. Changes in federal and state standards, enforcement policies, outbreaks of illness, funding availability, public awareness, education, and local desires, all will play an important part in identifying and addressing needs.

## ECONOMIC DEVELOPMENT NEEDS

During the fall of 1997, the Montana Ambassadors, Montana Economic Developers Association (MEDA), Montana Manufacturing Extension Center (MMEC), and the Montana Department of Commerce held a series of group meetings throughout the state. These "focus group" meetings were conducted in Wolf Point, Glendive, Billings, Bozeman, Butte, Helena, Great Falls, Havre, Missoula, and Kalispell. Participants in the focus group meetings included businesses, farmers, ranchers, local economic development professionals, local government officials, legislators, and labor representatives.

Those in attendance were asked to provide their thoughts on a number of issues, which directly affect the ability of Montana business to compete in the world market. Issues addressed included research and product development, marketing and sales, management, finance, employee skills, market location and trade development, infrastructure, transportation, quality of life, telecommunications, taxes, regulations, incentives, the educational system, and local capacity. This input resulted in a package of economic development proposals that was presented to the Montana Legislature in early 1999.

Montana's economy has been in a downslide in recent years. According to *Jobs and Income: Investing in Montana Families*<sup>40</sup>, a document developed in part from the focus group findings, Montana is experiencing:

- Low average wages of our work force—50th in the nation.<sup>41</sup>
- Steady decline in our per capita income, now 46th in the nation.
- An abundance of multiple jobs holders—the highest in the nation.
- Job growth in the lower-paying service and retail trade sectors of the economy and a decline in traditionally high-paying jobs.
- Declining per capita personal income, now at 78 percent of the national average and lower than our neighbors.

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40 Jobs and Income: Investing in Montana Families / Governor's Blueprint for Economic Development, November 1998

41 Congressional Quarterly State Fact Finder 1998, Rankings Across America



Our House and  
Spurlock  
Apartments,  
Garden City  
CHDO, Butte, MT

- Growing population disparity between eastern and western Montana.
- Exodus of many young, college-educated Montanans, the ones most likely to build Montana's economic future.

Montana does have a skilled and educated labor force with a good work ethic, which is an essential input to income growth. Eighty-nine percent of the population are high school graduates or higher. Twenty-four percent have a Bachelor's Degree or higher. However, many workers in rural Montana are "under-employed" and have to accept part-time employment instead of full-time employment. Montana can build on what it has, but the needs are still great.

Based on the current *Jobs and Income* report and studies and reports commissioned for the state since 1983, the needs to be met that are crucial to Montana's economic future remain the same:

- invest in the workforce;
- encourage and support entrepreneurship and business innovation;
- build and maintain local infrastructure and capacity; and,
- strengthen the state's fiscal capability to assist in these areas.

The Montana Department of Commerce with its several financing and technical assistance programs is attempting to address these issues as described in Section VII, Meeting the Needs.

## **SUMMARY**

Analysis of non-housing community development needs has been developed and expressed very clearly over the years by local communities. When determining program guidelines and funding allocations, the State of Montana takes into consideration identified local community needs.

## VI. Meeting the Needs

Needs articulated within the Consolidated Plan are simply the sums of a vast array of needs identified through consultation with the public, organizations, groups and state agencies. These needs fall into several categories: homelessness, affordable housing, and community development needs that include public facilities, infrastructure and economic development.

Montana is a very large state with different needs depending on geographic location. Needs identified at the state level may not retain an identical priority rating for implementation at the local level. For this reason, Montana does not prescribe specific priorities and intends to distribute housing, infrastructure and public facility funds under its direct control in a competitive process based on needs identified at the local level.

### PROGRAMS

An eligible applicant must evaluate its needs carefully, articulate them well, and present a plan to acquire local and program resources, and compete with other applicants for the limited funds. Applicants with the best-planned applications that identify needs through a prioritization process and present a timely plan of implementation are more successful within the competitive arena. State CDBG funds will be spent in Montana excluding the cities of Great Falls, Billings and Missoula. HOME funds will be spent in Montana with the exclusion of the cities of Great Falls and Billings.

Grantees currently administering HOME and CDBG projects are eligible to reapply for additional grants based on the following:

#### Home Investment Partnerships Program

- 1) Grantee must be in compliance with the project implementation schedule contained in its HOME contract with MDOC.
- 2) There are no unresolved audit, monitoring or performance findings for any previous HOME grant awards to the applicant.
- 3) The previous HOME grant has been drawn down 75% by the application deadline date.

#### Community Development Block Grant Program

- 1) Previous recipients under either Housing or Public Facilities category must have grant funds drawn down by the application deadline date based on the following percentages:

FY 1998 Grantees	non-administrative funds 75% drawn or activities completed by the date of application.
FY1997 Grantees	non-administrative funds 90% drawn or activities completed by the date of application.

FY1996 Grantees      non-administrative funds 100% expended, project completion report submitted, and audit scheduled by the date of application.

FY 1995 grantees      project closed out (conditional or final) by the  
and all earlier years      date of application.

- 2) Be in compliance with the project implementation schedule contained in its CDBG contract with MDOC or any current grant awarded under either the Public Facilities or Housing category.
- 3) Not have any unresolved audit or monitoring finding directly related to any previous CDBG grant award.

Allocating funds this way has proven to disperse funds equitably throughout the State, allowing all groups an equal chance to apply for funds. When looking at other program activities not administered by MDOC, the distribution becomes widespread and broadly dispersed throughout the State.

**Housing  
Rehabilitation,  
Lewistown,  
Montana,  
Community  
Development  
Block Grant  
Program**



### **Emergency Shelter Grant Program**

The Emergency Shelter Grant program distributes funds based on a formula allocation. Ten regional Human Resource Development Councils (HRDCs) receive 95 percent of the total allocation. The remaining 5 percent is retained for administrative costs by the Department of Public Health and Human Services. The HRDCs use the funds for renovation, rehabilitation or operating costs of homeless shelters and supportive services to help homeless persons escape poverty. Shelters assisted and services delivered are determined by individual HRDCs.

## MEETING HOUSING AFFORDABILITY NEEDS

Housing needs across Montana vary widely. There is a broad array of housing availability, affordability, and suitability problems across the State. Extreme diversity in available housing, age of housing stock, and overall range in population density complicate assessments of degree and type of need. Resources are not adequate to deal with all housing needs and requirements plaguing the State.

## HOUSING PRIORITY NEEDS SUMMARY

Priority Housing Needs (households)		Priority Need Level H=High, M=Medium, L=Low	
Renter	Small Related	0-30%	M
		31-50%	M
		51-80%	M
	Large Related	0-30%	M
		31-50%	M
		51-80%	M
	Elderly	0-30%	M
		31-50%	M
		51-80%	M
All Other	0-30%	M	
	31-50%	M	
	51-80%	M	
Owner	0-30%	M	
	31-50%	M	
	51-80%	M	
Special Populations		0-80%	M

Fig. 31

And as a state agency administering housing programs, MDOC does not prescribe to local governments and CHDOs the priority needs within their communities because the needs identified and prioritized at the state level may not retain a similar priority rating for implementation at local levels. All needs in Montana are great. The statewide priority need level of *medium* described in the table above represents only a general indication of needs throughout Montana.

Regardless of overwhelming demand for affordable housing, the State will implement programs and deliver services to in-need populations around Montana, in an attempt to continue a process that minimizes the State's housing problems. No single approach or unique priority fits all regions of Montana equally well. Nevertheless, MDOC is committed to moving forward with the following housing objectives and actions.

## **HOME OBJECTIVES AND ACTIONS**

### **Objective:**

Relieve the shortage of available housing stock;

### **Action:**

Utilize HOME funds to produce new housing stock, as requested by applicants each year. Estimate approximately 100 units of housing affected by HOME funds through new construction, rehabilitation, and acquisition per year.

### **Objective:**

Increase the stock of affordable rental units, especially assisted units;

### **Action:**

Utilize HOME funds to rehabilitate existing and construct new rental housing. Estimate 25 new units and 30 rehabilitated units per year.

### **Objective:**

Promote resources available to build affordable housing units;

### **Action:**

HOME participates in affordable housing application workshops each year. Continued participation is forecasted for the coming five-year period.

### **Objective:**

Increase ability of low and moderate-income households to buy homes;

### **Action:**

Continue to make HOME funds available for homebuyer programs throughout the State. Estimate assisting 50 homebuyers each year with HOME funds.

### **Objective:**

Increase resources to finance housing maintenance and improvements;

### **Action:**

Continue to make HOME funding available for housing rehabilitation programs throughout the State. Estimate assisting with rehabilitation of 30 rental and 30 homeowner units per year.

### **Objective:**

Simplify housing assistance programs;

### **Action:**

HOME staff actively participates in ongoing efforts to simplify and standardize housing program delivery in Montana. The Uniform Application is in use, and efforts during the coming five-year period will focus on standardizing environmental review processes and contents of grant administration manuals.

### **Objective:**

Increase accessibility of Montana's housing stock;



**Action:**

The HOME Program will continue to encourage HOME participants to invest and develop housing that is accessible.

**Objective:**

Increase energy efficiency in Montana's housing stock;

**Action:**

The HOME Program will continue to fund projects that conform to federal and state energy efficiency standards.

**Objective:**

Decrease housing environmental hazards, such as lead-based paint or asbestos;

**Action:**

The HOME Program will continue to abide by all applicable federal and state environmental laws.

**Objective:**

Allow local communities to identify their own needs and develop their own initiatives;

**Action:**

The HOME Program will continue to utilize those application ranking processes that require the measurement and development of locally-derived needs and initiatives.

**Objective:**

Continue ability of MDOC to provide technical assistance;

**Action:**

The HOME Program will continue to utilize technical assistance providers to the fullest extent possible. Emphasis will continue in community needs assessment and project development.

**Objective:**

Increase the supply of affordable rental units and for-purchase homes;

**Action:**

Based on the number of application requests, approximately 40 units of affordable rental housing will be created. Approximately 60 families will purchase their own homes through downpayment and closing costs assistance provided by HOME program. The homes purchased will remain affordable throughout the "period of affordability."

**Objective:**

Affirmatively further fair housing: implement actions identified in the Analysis of Impediments to Fair Housing;

**Action:**

All future HOME grantees will be required to abide by fair housing laws, and take actions to provide housing services and programs free of discrimination.

**Objective:**

Evaluate applications from eligible participants based on identified needs of the community that may include combination of job training or other welfare reform goals, along with housing goals;

**Action:**

HOME application guidelines and ranking criteria will continue to measure the means and methods by which applicants incorporate job training or welfare reform goals in housing proposals.

**Objective:**

Ensure housing applications provide data supporting the market exists for the housing at the prices proposed.

**Action:**

HOME application materials will continue to require applicable supporting data.

**CDBG OBJECTIVES AND ACTIONS**

It is very important to understand that as a state entity, the Montana CDBG program does not establish housing project priorities for eligible local government jurisdictions. Historically, the program has sought to be responsive to housing and public facility needs determined at the local level. The State CDBG program's role has been to provide technical assistance, assist local governments in identifying their needs, and provide critical financial resources to assist local governments in meeting those needs.

Based upon analysis of our accomplishments during the past three years, CDBG proposes the following accomplishments for the Housing and Community Revitalization categories:

Housing and Community Revitalization	Annual Projects Funded	Annual Housing Units Assisted	5 Year Projection Projects Funded	5 Year Projection Housing Units Assisted
Rehabilitation	2	20	10	100
New Construction	2	20	10	100
TOTAL	4	40	20	200

Montana's allocation of CDBG funds for 2000 will be \$7,788,000. Based upon the distribution of funds formula as set forth in the 2000 CDBG guidelines, the CDBG program will have \$4,969,573 available to assist local government with their housing and community revitalization and public facility needs. Of this figure, \$250,000 has been set aside for planning grants to assist local governments in conducting planning studies in support of housing and public facility community efforts. Of the remaining funds, 27% or \$1,274,285 is set aside for Housing and Community Revitalization projects, based upon historic demand by communities for funding from each category.

In addition, in 2000 the CDBG program proposed to increase the current grant ceiling for Housing and Community Revitalization projects from \$400,000 to \$500,000. This change will go into effect now for the year 2000. Our listing of proposed accomplishments described above takes into

account that the CDBG program will be funding slightly fewer projects as a result of the increase in the grant ceiling.

It is also important to note that CDBG funding has been largely static for over the last 10 years. Funding clearly has not kept pace with inflation. A study conducted by the Montana CDBG program this past January revealed that there has been a 53% decline in the purchasing power of CDBG dollars since 1979 due to the effects of inflation.

As a final note, in regards to proposed accomplishments for the next five years, the CDBG program proposes to continue to provide capacity building training and other technical assistance to local governments. This training relates to general community planning, capital improvement planning, provision of affordable housing, fair housing education, and environmental compliance. CDBG incorporates the training as part of grant application workshops, grant administration workshops, and specific training and education programs carried out in cooperation with the HOME program, Montana HUD office, and all other housing programs of the Housing Division of the Montana Department of Commerce.

With these objectives and actions in mind, MDOC through the Consolidated Plan anticipates supporting eligible programs that address housing needs throughout the State.

## **MEETING HOMELESS NEEDS**

All homeless program resources and proposed activities will be provided equitably throughout the State, to the extent possible, and according to public guidelines set forth by Local, State and Federal agencies. Figure 32, page 77, presents anticipated homeless needs in Montana over the five-year



**1999 Montana  
Homeless Stand Down,  
September 17, 1999,  
Fort Harrison,  
Montana National  
Guard site, Fort  
Harrison, Montana**

**1999 Montana Homeless  
Stand Down,  
September 17, 1999,  
Montana National Guard  
site, Fort Harrison,  
Montana**



planning horizon. Unfortunately, resources available for these needs are woefully limited. Therefore, Montana will blend its homelessness activities within an overall context of the range of services for assisting the homeless.

## MONTANA'S HOMELESS ASSISTANCE INVENTORY, GAPS, AND PRIORITIES

<i>Individuals</i>		Estimated Need	Current Inventory	Unmet Need/Gap	Relative Priority
<b>Beds/Units</b>	Emergency Shelter	512	414	197	L
	Transitional Housing	333	136	197	H
	Permanent Housing	800	373	427	H
	Total	1645	923	821	
<b>Estimated Supportive Services Slots</b>	Job Training	218	374		L
	Case Management	876	175	701	H
	Substance Abuse Treatment	424	196	338	H
	Mental Health Care	506	280	226	H
	Housing Placement	679	210	469	M
	Life Skills Training	600	255	345	M
	Other: Intervention				
	Other: Medical				
<b>Estimated Sub-Populations</b>	Chronic Substance Abusers	500	45	455	M
	Seriously Mentally Ill	992	650	342	H
	Dually-Diagnosed	60			L
	Veterans	293	110	183	M
	Persons w/ HIV/AIDS	4		4	L
	Victims of Domestic Abuse	52	28	24	M
	Youth	50	22	28	M
	Other				

### *Persons in Families with Children*

<b>Beds/Units</b>	Emergency Shelter	246	197	33	L
	Transitional Housing	582	157	425	H
	Permanent Housing	99	69	30	M
	Total	927	423	488	
<b>Estimated Supportive Services Slots</b>	Job Training	674	608	66	L
	Case Management	819	355	464	H
	Child Care	468	198	270	M
	Substance Abuse Treatment	503	368	135	H
	Mental Health Care	345	327	18	L
	Housing Placement	521	148	369	H
	Life Skills Training	282	141	141	M
	Other:				
<b>Estimated Sub-Populations</b>	Chronic Substance Abusers	298	45	253	M
	Seriously Mentally Ill	168	325		H
	Dually-Diagnosed	45			M
	Veterans	124	93	31	M
	Persons w/ HIV/AIDS				L
	Victims of Domestic Abuse	276	56	220	H
	Others:				

Fig. 32

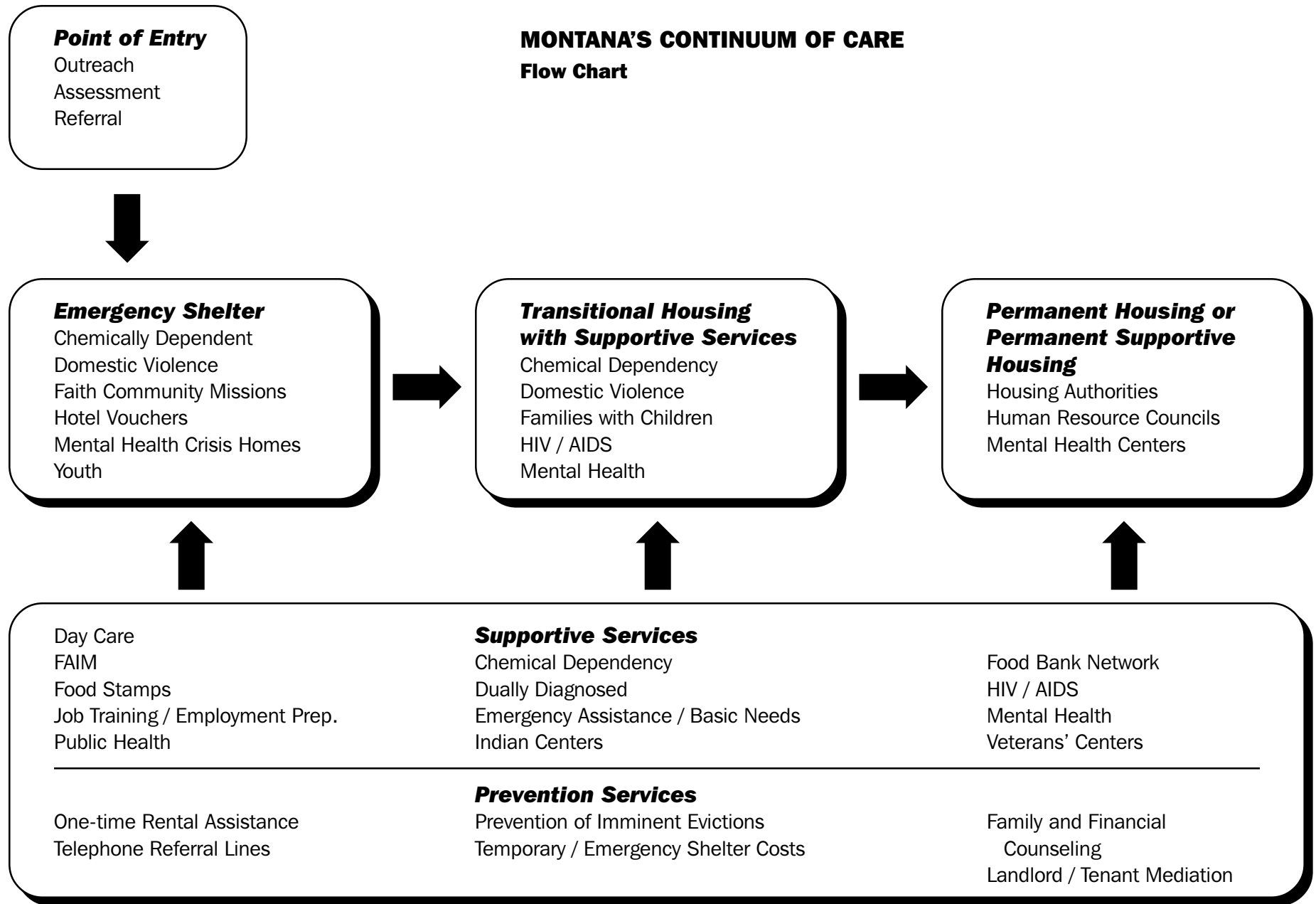


Fig. 33

## CONTINUUM OF CARE

Montana has a statewide Continuum of Care. Once in the system, a homeless person has a full array of baseline resources—from emergency needs to permanent housing—available in every area of the State to assist him or her.<sup>42</sup>

For three years a statewide Continuum of Care has been implemented. Montana encourages and supports the coordination of public and assisted housing providers, and private and governmental health, mental health and services agencies who prepare and participate in the Montana Continuum of Care.

Breaking the long-term cycle of homelessness, tempered by short-term shelter, cannot be accomplished by building more shelters or facilities alone. Real help is enabling the homeless to rely on themselves. Besides a lack of shelter, homelessness involves a variety of unmet physical, economic, and social needs. A comprehensive, coordinated system of homeless assistance is comprised of a wide array of services, tools, and opportunities for the homeless. Homeless services will include a prevention strategy and help the homeless in stages-to take them from an emergency shelter situation to permanent housing.

The first stage involves emergency shelters. Here the homeless are provided with immediate shelter and assessed in order to identify individual or family needs. The second stage offers transitional housing and necessary social services. Included in these services are mental health and substance abuse counseling, vocational rehabilitation, education, family support, child care, independent living skills training, job training, and placement, and employment opportunities where the homeless can both acquire and put to use new work skills. The final stage is permanent housing or permanent supportive housing arrangements.



**ESG Poverello  
Center**

42 1999 Statewide Continuum of Care application

The following Continuum of Care objectives and actions reflect the commitment to assist the homeless population through the three stages.

**Objective:**

Secure available resources for persons requiring supportive and transitional services;

**Action:**

For each of the next five fiscal years, submit applications for funding for the above at no less than \$500,000 per year.

**Objective:**

Assist persons requiring supportive and transitional services to achieve permanent housing;

**Action:**

For each of the next five fiscal years, work with no less than 50 people per year to secure same.

**Objective:**

Assist in meeting the supportive services needs for the homeless;

**Action:**

For each of the next five fiscal years, work with no less than 5 supportive service providers in each COC community to deliver supportive services to 50 homeless people in need of such service.

**Objective:**

Assist in increasing capacity and counseling services for runaway youth;

**Action:**

For each of the next five fiscal years, all COC applicants will be encouraged to meet with appropriate youth and probation officers, social service, providers, and representatives of religious and charitable organizations to begin dialogues on extent and nature of runaway youth problems in their areas. Each applicant will be asked to work on developing a local solution to this problem.

**Objective:**

Assist in securing stable funding sources for existing homeless facilities and services;

**Action:**

All COC applicants will be encouraged to meet with local homeless shelters to prepare long-range plans to ensure stable funding. Such plans may be forwarded to appropriate state and federal officials for funding, as well as non-governmental funding sources.

**Objective:**

Continue to support statewide continuum of care strategy to ensure emergency, transitional and permanent housing.

**Action:**

A recent RFP was developed, and a contract has been awarded to a firm to ensure that the COC continues to expand and develop.





**Samaritan  
House,  
Kalispell HOME  
Project**

CDBG and HOME programs have allocated funds for transitional housing projects as part of the continuation to help persons from homelessness to permanent housing. Over the past five years, these programs have participated in the following projects:

Missoula—WCA  
Butte—Homeward Bound  
Lewis and Clark County—Florence Crittenton Home  
Kalispell (NMHR)—Courtyard Apartments  
Lewis and Clark County—God's Love  
Kalispell—Samaritan House  
HRDC IX—Bozeman

Homelessness continues to increase in Montana. With several areas of the state experiencing very high rates of unemployment and continuing low wage rates, and some industries experiencing difficult or adverse economic conditions, homelessness continues to threaten many Montana citizens.

### **MEETING OTHER SPECIAL NEEDS/NON-HOMELESS**

Some individuals and families in Montana have unique and special circumstances. This sub-population of elderly, frail elderly, veterans, persons with severe mental illness, developmentally disabled persons, physically disabled persons, persons with alcohol or other drug addictions, persons with HIV/AIDS, and persons with tuberculosis struggle with the same affordable housing issues as other Montanans. Meeting the needs of these sub-populations will be accomplished through a variety of existing and future actions.

## **SPECIAL NEEDS/NON-HOMELESS SUMMARY TABLE**

### **State of Montana—Five Year Plan 2001-2006**

<b>SUB-POPULATIONS</b>	<b>Priority Need Level</b>
	<b>High, Medium, Low, No such need</b>
Elderly and Frail Elderly	M
Veterans	M
Persons with Disabilities	
Severe Mental Illness	M
Developmentally Disabled	M
Physically Disabled	M
Persons with Alcohol / Other Drug Addiction	M
Persons with HIV / AIDS	M
Persons with Tuberculosis	M
Total	M

*Fig. 34*

### **Elderly and Frail Elderly**

Montana's Older Americans Act (1987) reaffirms the State's commitment to its older citizens. The Act describes older Montanans as a valuable resource that is not receiving sufficient services in all areas of the State. The act identifies the services needed by the State's elderly population, and plans are laid out for the following:

- develop appropriate programs;
- coordinate and integrate all levels of services;
- create a directory of services and transportation available to them;
- programs to facilitate self-care;
- legal programs;
- adults education; and,
- research in aging.

The facilitator of elderly assistance is the Aging Services Bureau of the Montana Department of Public Health and Human Services. The office is responsible for developing and administering the State's plan on aging, developing an intrastate funding formula, representing the interests of the elderly in State legislative and regulatory bodies, and evaluating Area Agency on Aging activities.

There are several existing programs to help Montana's elderly population. Several State agencies offer housing programs, tax education, personal assistance, and advantages for senior citizens.

The Department of Revenue offers tax credits or advantages, which specifically assist low-income senior citizens.

- The *Elderly Homeowner or Renter Credit* program allows Montana taxpayers 62 and older a maximum \$1,000 refundable credit for property taxes or rent. Credit claims average \$427.
- Through the *Elderly Care Credit* program, eligible Montanans may receive credit for certain expenses for an elderly family member who is at least 65 years of age or a family member who has been determined disabled for Social Security purposes.<sup>43</sup>

A Board of Housing program called the Reverse Annuity Mortgage (RAM) program is available to low income senior citizens in Montana who own their own homes and have little or no remaining mortgage debt. The program provides these seniors with an additional income source from the use of equity in their homes. All borrowers must be 68 years of age or older, although some exceptions are considered. The borrower's annual family income must not exceed \$16,700 for a one-person household, \$22,500 for a two-person household and \$28,300 for a three-person household and up.



The home must be located in Montana and occupied by the borrower. The loan amount ranges from a minimum of \$15,000 to a maximum of \$70,000. The maximum loan amount is determined based on 80% of the FHA determined property value.

In addition, development or rehabilitation of existing housing specifically targeted for the elderly are eligible



(top left, left)  
**Continental  
Gardens, Butte  
HOME Project**

activities for both the HOME and CDBG programs. Over the past five years, these programs provided funding for the following low-income senior projects:

Miles City—Big Sky Apartments  
Harlem—Little Rockies Senior Center  
Miles City—Smith Apartments  
Butte—Continental Gardens  
Flathead County—Senior Home Rehabilitation  
City of Ronan—Maxwell Apartments  
Belgrade—Colorado Apartments  
Superior—Cottages at Edna Court  
Kalispell (NMHR)—Westgate Senior Apartments  
Custer County—Eagles Manor  
Sidney—Crestwood Inn

### **Veterans**

Veterans in Montana have significant opportunities for home ownership. Programs currently exist that rarely deny veterans, provide for little or no down payment, and provide special loan provisions for those veterans with disabilities.

VA loan guarantees are made to service members, veterans, reservists and unremarried surviving spouses for the purchase of homes, condominiums and manufactured homes and for refinancing loans.<sup>44</sup>

There are 12,284 active veteran home loans in Montana as of June 30, 1999.<sup>45</sup> The Montana Board of Housing has participated in 3,899 home loans to veterans over the last 20 years.<sup>46</sup>

According to a report by the U.S. Department of Veterans Affairs, aging veterans need changes in long term care and mental health options. The Department of Military Affairs recommends the VA expand options and services for home and community based care, making these services the preferred placement site, when clinically appropriate, for veterans needing long term care.<sup>47</sup>

The Department of Revenue Disabled/Deceased Veteran's Exemption program exempts residential property from taxation if a veteran is 100% service-connected disabled or is the spouse of a deceased veteran who was 100% service-connected disabled.<sup>48</sup>

Veterans in Montana are eligible to receive funding from HOME and CDBG programs by meeting eligibility requirements.

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44 Federal Benefits for Veterans and Dependents, 1999 edition.

45 Correspondence from Lee Ann Welch, Department of Military Affairs, September 22, 1999.

46 Per Bob Morgan, Board of Housing, through June 30, 1999.

47 The State of Aging: Final Report Summary prepared by the Department of Public Health and Human Services.

48 1998 Montana Individual Income Tax Booklet, Montana Department of Revenue

## Persons with Disabilities (Mental, Physical, Developmental)

Under the Americans with Disabilities Act, housing accessibility has become a visible need across the State. Accessibility is a problem unless a unit is specifically built for people with disabilities. Modifications are often difficult and expensive, and must be completely removed when the tenant leaves (according to the ADA). Most people with disabilities cannot afford to do this and landlords do not want the inconvenience or cost of constant remodeling.

Some persons with disabilities are not able to live independently and require daily help and supervision. In Montana community living or residential services are provided to over 1,200 individuals and include:

- **Children's Community Homes:** These homes serve only children who cannot remain in their natural, foster, or adoptive homes. Six homes in the State serve 33 children who have serious physical and medical disabilities. Many have extremely challenging behaviors.
- **Intensive Community Homes:** These homes serve adults who have few self-help skills or have challenging behaviors. There are 316 individuals receiving intensive community home services in 43 homes statewide.
- **Adult Community Homes:** A total of 293 adults who receive residential services are living in one of 46 community homes. As few as three and as many as eight persons may live in one of these homes.
- **Senior Community Homes:** There are five senior community homes, each serving seven or eight individuals.

The following map shows the number and location of the various community homes in Montana.

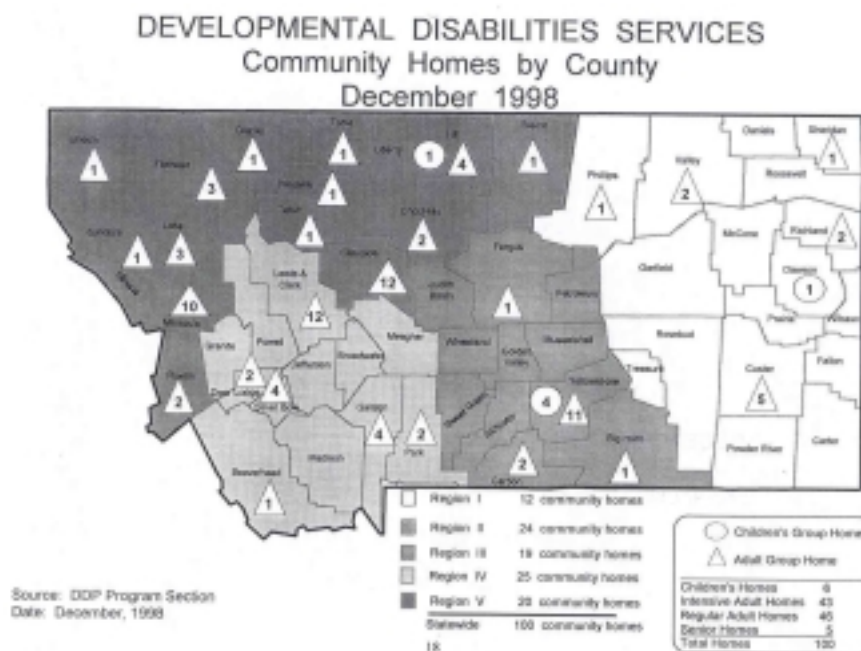


Fig. 35

Supported living services are individually tailored arrangements of resources and supports that enable people to live in more integrated and normal ways. One example of a supported living arrangement might be a person who lives in an apartment with another person with a disability; they pool their service dollars in order to fund the supervision and assistance that they both need. Currently, 553 Montanans receive supported living services.<sup>49</sup>

During the last biennium, 26 people moved from the Montana Development Center (MDC) and Eastmont Human Services Center (EHSC) to community based services, decreasing the total current population at MDC to 86, and at EHSC to 42.<sup>50</sup>

Both CDBG and HOME programs have supported housing for persons with disabilities. Following is a list of projects over the past five years:

City of Helena—Accessible Space Inc.  
Ravalli Services—Supported Living Duplex  
Butte—Building Self Worth  
Flathead County—Westside Living Apartments  
Gallatin County—REACH, Inc. (The Willow Townhouse)  
Hamilton—Supporters of Abuse Free Environments  
Lewistown—Regional Services Inc.  
Dillon—Building Self Worth  
Butte—Garden City CHDO

**REACH, Inc.  
Bozeman HOME  
Project.**



49 Developmental Disabilities Program, Disability services Division Department of Public Health and Human Services, January 1999.

50 The State of Aging: Final Report Summary prepared by the Department of Public Health and Human Services.

### **Persons with Alcohol or Drug Addiction**

The Department of Public Health and Human Services has many programs in place to meet the needs of persons with alcohol and drug addiction. The purpose of the Addictive and Mental Disorders Division is to assure a statewide continuum of effective prevention, treatment, and rehabilitation services for people with chemical dependency and mental illness. Services are provided directly by the Division in three state-operated facilities and through funding relationships with private service providers.

The Addictive and Mental Disorders Division administers several federal programs in Montana, including: medicaid mental health services, the Substance Abuse Prevention and Treatment Block Grant, the Mental Health Block Grant, and the PATH grant providing services for the homeless mentally ill.

Through its programs, the Division serves children and adults who have mental illness and/or drug or alcohol dependency. On an annual basis, more than 12,000 Montanans receive services through the chemical dependency service system; more than 12,000 receive mental health services provided or funded by the Addictive and Mental Disorders Division. Services under these programs include individual counseling, group therapy, case management services, alternate living (group homes), intermediate care, and inpatient chemical dependency treatment and assessment.

### **Persons with HIV/AIDS**

Limited Housing Opportunities for Persons With AIDS (HOPWA) program funds are allocated to states and metropolitan areas with the largest number of cases and instances of persons with the Acquired Immunodeficiency Syndrome. Based on the HUD formula allocation, Montana does not meet the minimum criteria to seek Federal funding assistance under this program.

Montana has responded to the HIV epidemic by creating a network of prevention and treatment services across the state. Through a grant from the Centers for Disease Control and Prevention, the STD/HIV section has established contracts with 15 local providers, and all seven reservations to provide prevention services, counseling and testing. Prevention services focus on locating persons at risk for HIV/AIDS and assisting them to make behavioral changes that reduce that risk. Additionally, these local providers work within their communities to increase community awareness of HIV and reduce stigma attached to diagnosis of this disease. They may provide information at local schools, community events, and to any individuals who may require specific information. The state funds the cost of HIV counseling, and approximately 6,000 HIV tests at these locations.

For those who are already infected with HIV, the state offers treatment services funded by a separate federal grant. Six healthcare providers in major cities in Montana are funded to provide early intervention services for those newly infected. That may include viral load testing, blood tests to determine the immune capacity of the client, testing for other important infections such as STDs or TB, and other laboratory testing to establish health status. Additionally, the funding allows for a medical consult and possibly other services immediately required by the newly infected client. CDC guidelines recommend that clients receive treatment medications (the HIV cocktail) as soon

as possible. For those clients who qualify, the state funds such treatment that may cost as much as \$9,000 to \$12,000 per year. Periodically, there are more clients than can be funded by this grant and a waiting list is established. This federal grant also allows a small amount of funds to be used for other medical and social services such as case management, allied medical care such as mental health, dental, chemical dependency, etc., or other services such as nutrition, respite, or emergency housing. The funding also allows for the purchase of insurance for those fortunate clients who may have access to insurance through a current or previous employer.

## **MEETING NON-HOUSING COMMUNITY DEVELOPMENT NEEDS**

Similar to housing, Montana faces a tremendous challenge in its efforts to meet the infrastructure and economic development needs across the State. Sound infrastructure—community water systems, wastewater treatment plants, solid waste landfills, streets and roads—together all make up a critical foundation upon which housing and related community development activities can build. Similarly, economic development is vital if Montanans hope to maintain and increase jobs and incomes necessary to support their families and communities.

### **Infrastructure**

Montana is faced with a difficult battle to solve the large and looming infrastructure problems within its boundaries. An analysis and inventory of infrastructure needs of local governments conducted in 1995 and 1996 showed an estimated \$1.6 billion dollars required to perform major improvements or construction. In a large state with a small population, the per capita cost of constructing and maintaining infrastructure systems is extremely high. Conversely, resources to address the problem are very limited.

**Public Facility Project,  
East Helena, Montana  
Community  
Development Block  
Grant Program**





## NON-HOUSING COMMUNITY DEVELOPMENT PRIORITY NEEDS SUMMARY TABLE

**State of Montana—Five Year Plan - Beginning April 1, 2000  
- Ending March 31, 2005**

Priority Community Development Needs	Priority Need Level High, Medium, Low, No such need	Estimated Dollars Needed To Address (Millions)	Anticipated Dollars Available To Address in Fiscal 1996 (Millions)
Infrastructure Improvement	H		
Solid Waste Disposal Improvements	H		
Waste Water Needs	H		
Water System Improvements	H	\$1,612	
Other Infrastructure	M		
Public Service Needs	M		
Planning	M		
Other Community Development Needs	M	\$1,045	
Lead Based Paint / Hazards	M		
Economic Development Needs	H	\$2,619	
<b>Total Priority Non-housing Community Development Needs</b>	<b>M</b>	<b>\$5,276</b>	<b>\$6.5</b>

Fig. 36

In the public facility category, CDBG funds have been used to upgrade or undertake the new construction of dozens of community water and sewer projects and other public facilities. During the last several years, communities have also utilized the CDBG program to construct or rehabilitate senior citizen centers, centers for abused or runaway youth, and public nursing home facilities.

With very limited resources MDOC, through the Consolidated Plan, commits to the following objectives for infrastructure and public facilities:

- Examine results of the last infrastructure inventory and analysis;
- Identify available level of resources necessary to address these needs over next biennium;
- Continue to promote interagency efforts to streamline the local government application process and coordinate assistance activities through the Water, Wastewater, and Solid Waste Action Coordination Team (W<sub>2</sub>ASACT).
- Continue to provide technical assistance to communities; and,
- Fully award all CDBG public facility funds.

It is very important to understand that as a state entity, the Montana CDBG program does not establish public facility project priorities for eligible local government jurisdictions. Historically, the program has sought to be responsive to public facility needs **determined at the local level**. The State CDBG program's role has been to provide technical assistance, assist local governments in

identifying their needs, and provide critical financial resources to assist local governments in meeting those needs.

Based upon analysis of our accomplishments during the past three years, we propose the following accomplishments for the Public Facility category:

<b>Public Facilities</b>	<b>Annual Projects Funded</b>	<b>5 Year Projection Projects Funded</b>
Water Systems	2	10
Wastewater Systems	3	15
Other Public Facilities*	1	5
<b>TOTAL</b>	<b>6</b>	<b>30</b>

\*Other Public Facilities—Homeless Shelters, Fire Halls, Nursing Homes, Senior Citizen Centers, Head Start Centers, and Other Similar Public Facilities Designed for Use Predominantly by Low and Moderate Income Persons

Montana's allocation of CDBG funds for 2000 will be \$7,788,000. Based upon the distribution of funds formula as set forth in the 2000 CDBG guidelines, the CDBG program will have \$4,969,573 available to assist local government with their housing and community revitalization and public facility needs. Of this figure, \$250,000 has been set aside for planning grants to assist local governments in conducting planning studies in support of housing and public facility community efforts. Of the remaining funds, 73% or \$3,445,288 is set aside for Public Facility projects, based upon historic demand by communities for funding from each category.

In addition, in 2000 the CDBG program proposed to increase the current grant ceiling for Public Facility projects from \$400,000 to \$500,000. This change will go into effect now for the year 2000. Our listing of proposed accomplishments described above takes into account that the CDBG program will be funding slightly fewer projects as a result of the increase in the grant ceiling.

It is also important to note that CDBG funding has been largely static for over the last 10 years. Funding clearly has not kept pace with inflation. A study conducted by the Montana CDBG program this past January revealed that there has been a 53% decline in the purchasing power of CDBG dollars since 1979 due to the effects of inflation.

As a final note, in regards to proposed accomplishments for the next five years, the CDBG program proposes to continue to provide capacity building training and other technical assistance to local governments. This training relates to general community planning, capital improvement planning, provision of affordable housing, fair housing education, and environmental compliance. CDBG incorporates the training as part of grant application workshops, grant administration workshops, and specific training and education programs carried out in cooperation with the HOME program, Montana HUD office, and all other housing programs of the Housing Division of the Montana Department of Commerce.

## **Economic Development**

Given the limited available resources, the CDBG Economic Development Program commits to the following objectives for economic development in an effort to improve Montana's economy and capitalize on its strengths:

- 1) Encourage viable economic development projects that promote "investment" of private capital, expansion of local tax bases, and creation of permanent, year-round jobs principally for low and moderate-income Montanans;
- 2) Encourage economic activity that adds value to a product through manufacturing, refining, processing, or packaging, especially those activities that involve Montana's natural resources;
- 3) Encourage economic activity which creates new wealth in Montana by selling the majority of its products outside of Montana, by effectively substituting goods previously produced outside of Montana with goods produced in Montana, or by distributing Montana-made goods;
- 4) Encourage service companies such as consulting, engineering, or other companies that sell their services predominantly (greater than 50%) outside of Montana;
- 5) Continue to expend the annual CDBG ED allocation and access other sources of funds for maximum financial leverage;
- 6) Allow local communities to identify their own needs and develop their own initiatives;
- 7) Assist businesses and communities in achieving prosperity through various state and federal programs;
- 8) Continue to provide technical assistance to economic development practitioners, local government officials, business owners, and others interested in or involved with economic development; and,
- 9) Continue to explore the HUD Section 108 Loan Guarantee Program to redevelop brownfields.



**Great Northern  
Inn, Havre,  
Montana,  
Community  
Development  
Block Grant  
Program /  
Economic  
Development**

The CDBG Economic Development program will perform the following actions to address the objectives stated above.

Objectives 1 through 4 are State program objectives for economic development that the Montana Department of Commerce (MDOC) loan review committee considers when making funding decisions. Applicants to the MDOC CDBG ED program are required to explain how their project meets one or more of these state objectives. These objectives guide funding decisions made under the CDBG ED Program and the Economic Development Division's financing programs. These objectives are a result of the Economic Development Division's Jobs and Income Strategy that was approved by the Governor and 1999 Legislature. The loan review committee, comprised of nine members, considers the type and mix of projects being funded during the program year to meet these objectives. The committee expects to fund more high-technology businesses and manufacturing operations, especially for adding value to agricultural products, over the next five years based on the current demand and the Division's preference for funding these types of projects.

For Program Year 1999, 11 loans to businesses were made. Of these, 27% were for agricultural manufacturing companies that add value; for 1998 it was 10%. In 1999, 27% of the funded projects were high technology firms that promote investment of private capital and expand the local tax base; for 1998 it was 20%. The other large category of projects funded for 1998 and 1999 were for service and retail, such as a medical clinic, a small-town grocery store, a historic hotel, and a community services center. The percentage of manufacturing companies funded in 1999 is 27%, and 40% for 1998. We expect those percentages to continue and probably increase each year over the next five years.

Jobs proposed to be created for Program Year 1999 are 353, with 220 proposed to be created for LMI households. Jobs proposed to be created for 1998 were 135, 111 of which were for LMI. Based on the average over the past five years from program year 1994 through program year 1998, we expect on average 270 jobs to be created, with 172 jobs for LMI persons. Conservatively estimated, we expect to create that many jobs each year over the next five years.

Objective 5—The CDBG ED program receives approximately \$2.5 million per year, of which approximately \$2.3 million has been made available as loans to businesses in program years 1998 and 1999. The Regional Development Officers (RDOs) meet with companies in the field to assist with a company's financing options. The CDBG ED program keeps an ongoing list of companies that RDOs are working with that intend to submit an application for CDBG funding. At any point in time, there is generally over \$2 million in funding requests waiting to be funded with CDBG or Economic Development Administration (EDA)/CDBG Revolving Loan Fund (RLF) funds. For program years 1998 and 1999, Montana had obligated just short of 100% of its funds three months before the end of the program year. Once projects are awarded funds, the CDBG ED program monitors monthly the percentage expended of total funds available to loan to businesses. The amount expended for program year 1998 is 85%. We anticipate the amount expended by the end of a program year, prior to the present program year, to be 85% of the total awarded. We expect to continue that percentage each year over the next five years.

The leverage of other private, state, and federal funds for program year 1998 and 1999 is more than 4:1 of other funds to CDBG funds. Most often, CDBG funds are leveraged with federal programs such as Rural Development, SBA, and EDA, or state programs such as Growth Through Agriculture or the Montana MicroBusiness Finance Program. Based on historical data over the last five years, the leverage has been more than 4:1, and we anticipate that ratio to continue each year over the next five years.

Objectives 6, 7 and 8—MDOC EDD provides the tools to assist communities and businesses help themselves through various state and federal technical assistance and financing programs, and by meeting one-on-one with organizations and business owners. That trend is expected to continue over the next five years. The Economic Development Division is in the process of developing a database which easily tracks the contacts and technical assistance provided by the RDOs.

Objective 9—HUD Section 108 Loan Guarantee Program - After more than a year of research and a Brownfields Conference held at Fairmont Hot Springs in October 1999, the state is offering the HUD Section 108 Loan Guarantee Program as an eligible funding source in the Year 2000 Program Guidelines, beginning program year April 1, 2000.

Montana has strengths that it can maintain and improve to boost the economy. The State has one of the highest rates of self-employment and one of the highest rates of new business start-ups every year, with 3,718 new businesses starting up in 1998. The State's economy is almost entirely comprised of very small businesses with 90% of all firms employing 19 or fewer workers. Montana has a well-educated labor force with a good work ethic, which is an essential input to income growth. Eighty-nine percent of the population are high school graduates or higher. Twenty-four percent have a Bachelor's Degree or higher. According to the Bureau of Business and Economic Research, labor earnings growth may not require wholesale infusion of new, high-tech industries, but it does require Montana firms and industries to continue to use information-based technology for higher value-added production.

The MDOC is developing and extending relationships with other groups and organizations in order to expand manufacturing opportunities in the State. Montana manufacturers typically pay about 137% of the average wage for Montana workers.

In June 1999, the MDOC entered a Cooperative Agreement between the Economic Development Division (EDD) of the Department and the Montana Manufacturing Extension Center (MMEC). Through its Regional Development Officers (RDOs), Trade Program, and Community Development Block Grant (CDBG) Program, the EDD focuses the majority of its resources on working with manufacturers. MMEC uses its resources to provide a variety of engineering and management services to manufacturers in an effort to make them more competitive. Recognizing that to be competitive, manufacturers must have knowledge, abilities, skills and resources related not only to manufacturing management and production, but also to a wide variety of business systems and resources such as finance, accounting, personnel, marketing, etc. The two agencies entered a cooperative partnership to assist manufacturers throughout the State.

The principal mission of the Regional Development Program is to use technical assistance and financial resources that create higher paying jobs for Montana. The focus of each of the five RDOs will be activities to assist, in cooperation with available resources, businesses involved in manufacturing, value-added agricultural business activities, packaging, refining, processing, knowledge-based service companies (e.g., engineering, computer service, consulting, etc.), and other businesses that provide goods and services predominately to national and international markets. The Regional Development Officers will work directly with the engineers associated with the Montana Manufacturing Extension Centers located around the state.

In a further effort to assist small businesses, Montana was one of 22 states to receive grants from a \$1 million pool targeted to locales where small business access to federal research and development funds is historically low. The Montana Department of Commerce applied to and received grant funding from the U.S. Small Business Administration (SBA) to promote and provide technical assistance to help Montana's high-tech small businesses win research grants. The grant award will be used to provide assistance to Montana's high-tech small businesses in applying for federal research and commercialization dollars. Success in garnering Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) awards will increase the capital available to Montana companies to explore and develop new ideas, add value to our resources and expand quality jobs. Annually the federal government awards over \$1 billion to for-profit companies to probe new and practical technological ideas.

Department of Commerce Director Peter Blouke believes that increasing the number of grants will play a key role in growing Montana's technology-based businesses. Many of the State's small companies with ideas worth pursuing lack the needed capital resources to do the research and then commercialize their ideas. This award will enable the MDOC to give them the knowledge on how to access these federal resources.

Access to capital to finance the many needs of businesses is one of the most important components in determining the economic prosperity of a community. In recent years, the number of financing choices has grown substantially and there is no shortage of capital for small entrepreneurs. However, small business owners frequently have difficulty receiving the financing they need due to complicating factors such as inadequate collateral, no history, and shortage of equity. In rural areas like Montana, many businesses also must find a way to bridge the financing gap caused by the lack of a ready market for their collateral.

Revolving Loan Funds (RLFs) are an alternative source of financing for small businesses. As community-based lending institutions, funded primarily by the public and philanthropic sectors, RLFs can provide loans to local businesses to enable them to flourish in an otherwise out of reach market. RLFs also recycle repayments by relending the capital to other businesses, providing them with a flexible and effective tool for promoting business development, job creation, and economic self-sufficiency in low income and financially challenged communities.

In order to allow for greater flexibility in the use of CDBG funds for RLFs at the local level, the CDBG ED Program has been working on guidance that will allow repayments on economic development CDBG loans to be free of federal regulations that govern program income. Under a change made to the Housing and Community Development Act (the Act) in 1992, loan repayments made to a qualified nonprofit local community development corporation, as defined under Section 105(a)(15) of the Act, are considered program income. The 1997 CDBG ED Program Guidelines incorporated this HUD regulation and the Program has since been working with several community-based lenders and local governments to refine guidance on this issue. The CDBG ED Program hopes to have the final guidance in place for program year 2000.

For many years, Montana's economic development activities have also been hindered by an inability to offer any type of labor training incentive for expansion projects or new business locations. The MDOC hopes to improve this situation through the federal Workforce Investment Act (WIA). The WIA consolidates some 70 federal adult and youth training programs into three state block grants using one-stop centers to deliver the services they fund. The consolidated programs include employment and training activities funded by HUD, as well as the federal Education, Labor and Health & Human Services Departments.<sup>51</sup>

As the Workforce Investment Act approaches final implementation, including a five-year plan to be approved by the U.S. Department of Labor, community economic development specialists have been appointed to the state Workforce Investment Board. Peter Blouke, MDOC Director, believes the representatives will be able to help tie the Board's efforts to other ongoing economic development activities, including business location, expansion and retention. An economic development standing committee has been formed within the Board. Linking workforce development to transportation and housing investments will also be done through representation of the MDOC on the state WIA Board. The Department is still working to identify additional ways in which to include WIA links with housing and transportation investment.<sup>52</sup>

Labor training may be the single most important factor that new or expanding industries examine when considering a significant investment in Montana. Currently, Montana is one of four States that does not have the ability to help new or expanding business in the customized training of incumbent workers. The Montana Department of Commerce hopes to include language in the pending WIA five-year plan that creates flexibility for customized training of incumbent workers as opportunities may arise. Currently, if pending projects such as the Lockheed Martin VentureStar Spaceport or an expansion of Advanced Silicon Materials, Inc. were to occur, the state has no mechanism to assist in training employees for higher technology positions.

While most States have a labor training incentive as a basic element of their economic development programs, Montana's labor training has been narrowly targeted to specific disadvantaged groups

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51 Community Development Digest, CD Publications, October 5, 1999

52 Ibid.

53 Forbes, Montana: Where Business Stands Out September 6, 1999

such as dislocated workers, displaced professions, or at risk youth. As the Workforce Investment Act approaches final implementation procedures and a multi-year strategic plan, an opportunity may exist to provide a training component for incumbent workers that need to upgrade their skills to achieve a “living wage” for self-sufficiency, and obtain a source of funding for customized training that is critical for business expansion or future business location.

More than ever, Montana is committed to making it easier to do business. Montana’s Governor and Legislature have taken important steps to make the State more business friendly. They have reformed business equipment taxes, eased regulatory compliance and improved access to long-term fixed-rate loans.<sup>53</sup>

Using *Jobs and Income* as the economic development blueprint, the 56<sup>th</sup> Legislative Session enacted several pieces of landmark legislation. Among the most notable is House Bill 260 (HB260). It is significant that the Legislature has taken the unprecedented, but much needed, step to establish a mechanism for permanently funding many of the economic development programs that are critical to the future of the state and its citizens.

HB260 provides a permanent mechanism for investing in research and commercialization on a competitive basis by both the public and private sectors. The Bill provides a permanent vehicle for developing commerce and agricultural programs that will lead to a healthier and more robust economy. It addresses a key infrastructure issue — regional water needs. Moreover, it gives an underpinning to existing programs including manufacturing extension services, small business development centers, business technical training, agricultural promotion and assistance, and new market development and expansion.<sup>54</sup>

With HB237, the 56th legislature modified the Montana Board of Investments’ Infrastructure Program by expanding the total amount available for infrastructure loans, from \$20 million to \$50 million. It also reduced the number of jobs to be created by a company to trigger the Act from 50 to 15; increased the maximum amount of the loan per job created from \$10,000 to \$16,666; and reduced the minimum size of any such loan from \$500,000 to \$250,000.

The Montana Department of Revenue (MDOR) offers an Infrastructure Users Fee credit for all new businesses located in Montana which create at least 50 jobs in the primary sector of the economy of a local community. The credit is calculated based on the infrastructure fees paid by the new business to the local government.<sup>55</sup>

On the regulatory front, Montana is more accessible to businesses. Under the One-Stop Licensing Program, administered by the MDOR, a business can apply for and renew all Montana State

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54 While the initiatives and programs under HB260 are designed for sustainability, the funding source, a coal license tax, is under constitutional review by the Montana Supreme Court.

55 1998 Montana Individual Income Tax Booklet, Montana Department of Revenue



licenses with one application and one check on the same date each year. Businesses can meet their regulatory obligations simply, efficiently and quickly at one location.

The economic needs of Montana are vast. The Montana Department of Commerce, in conjunction with others in the private and public sectors, is committed to meeting as many of these needs as possible.

## **OVERCOMING BARRIERS TO AFFORDABLE HOUSING**

### **Lead-Based Paint**

The most significant level of collaboration has been at the local level with diverse groups of public health agencies and departments to provide Childhood lead Poisoning Prevention Program activities to the children of the State. This collaboration has been many years in development in some areas of the State. This increased interest has been heightened by the availability of HUD funding in three cities in Montana. Two of the HUD projects have provided abatement funds to communities to address the lead hazards. The increased level of federal funds for improvements in housing has made screening children much more meaningful in larger communities.

The Montana Lead Education Assessment Detection (LEAD) program has officially been in existence for six years, since July of 1993. Montana LEAD continues to be a valuable link of realtors, landlords, real estate inspectors in understanding regulations related to lead-based paint disclosure. Montana LEAD's goal is to screen children less than six years old for lead exposure and to educate the parents, public and physicians about lead poisoning.

The DPHHS Public Health Laboratory began screening blood samples for lead levels in April 1998, supported by the Montana LEAD Program. Blood Lead levels of 10 ug/dL are considered elevated, and concern is raised on levels of 6 - 9 ug/dL. Between May 1998 and September 1999, 4380 samples were received, and 3976 were satisfactory for testing. Of the 3976 samples tested, 2500 had results of 5 ug/dL or less, 394 were between 6 and 9 ug/dL, and 82 samples had results of 10 ug/dL or greater. Positive screens were found on patients from the geographic locations of Billings, Box Elder, Butte, Columbus, East Helena, Glendive, Great Falls, Hamilton, Helena, Kalispell and Terry.

Montana will actively work to reduce lead-based paint hazards in Montana through the continued testing, identification and abatement of lead-based paint in Montana's housing. Housing programs administered by the Montana Department of Commerce are collectively addressing how to implement the new federal regulations regarding lead-based paint.

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56 Summary of the Building Codes Review Study, July 1, 1998 from Roger Pedersen.

## **Local Regulations and Building Code Rules**

The MDOC Housing Working Group was formed in August of 1996 to study regulatory issues and their impact on the affordability of housing in Montana. The MDOC Working Group participated and assisted in conducting a code review study by the Montana Building Industry Association. The result of the study of the building code standards adopted by the Montana Department of Commerce identified and proposed 18 separate code changes, which would assist housing affordability.

After extensive review by the Building Codes division of the MDOC, a majority of the proposed changes were approved or addressed at the national level. The final results of the project were building code changes with a total potential cost saving of \$4,802 per home.<sup>56</sup>

A private sector working group is continuing to address regulator issues related to affordable housing.

## **Fair Housing**

The Montana Department of Commerce (MDOC) carries the responsibility for certifying that HOME and CDBG grantees affirmatively further fair housing. The MDOC also is responsible for conducting the AI, taking actions to address the impediments, and monitoring the results. However, MDOC lacks the authority to solve these problems alone. The task of completely eliminating the impediments to fair housing rests on the shoulders of all Montanans.

To facilitate Montana's collective responsibility, the MDOC will:

- Provide referral to the Human Rights Bureau, HUD, the Billings Community Housing Resource Board, and Montana Fair Housing and, hereby, endorse their complaint-based systems;
- Explore with Montana's mortgage lending industry the potential reasons for the rising denial rates;
- Continue to monitor the Home Mortgage Disclosure Act (HMDA) information, in particular, this research will include the following:
  - Request HUD to explore and explain why the institutions they regulate in Montana (as out-of-state interests) appear to so poorly serve the citizens of Montana.
  - Request HUD to review the underwriting policies of the eight purported personal property lenders that had a combined denial rate of 74 percent in 1998, and particularly why Native Americans are denied 9 out of 10 times by these lenders.
  - Attempt to determine if the personal property loan denials are associated solely with mobile home sales, and, if so, if mobile home dealers make multiple attempts to secure an individual a loan, if at first denied a loan.

- Evaluate whether the results of these HMDA inquiries lead the MDOC to conclude that there is an institutional obstacle in lending for sales of mobile homes. If the MDOC concludes that these conditions have created one, the MDOC may consider other more aggressive measures designed to address this institutional obstacle;
- Explore ways to increase homeownership among all Montanans, focusing on lower-income families, single-parent households, the elderly, and Native Americans;
- Continue to provide fair housing education in MDOC programs, and inform individuals and relevant groups of fair housing education opportunities;
- Continue to consider the results or implications of complaint data provided by the Human Rights Bureau and HUD complaint data bases, and fair housing organization's Fair Housing Initiative Program reports; and,
- Continue to monitor fair housing compliance in grantee projects and authorize grantee administrative funds for HOME and CDBG funded projects to conduct activities that affirmatively further fair housing.

To ensure that past, largely eliminated, impediments do not return, the MDOC will:

- Continue endorsing a statewide dialogue between key parties in the fair housing arena, such as real estate groups, landlord and property management associations, fair housing advocates, and interested citizens; and,
- Continue providing information to organizations in Montana, such as realty groups, landlord associations, and the Montana Newspaper Association, about liabilities associated with discriminatory advertising practices in housing.

The Department of Commerce has been involved in numerous education efforts and outreach activities to affirmatively further fair housing.<sup>57</sup>

Several organizations cooperatively produced a brochure entitled "Fair Housing Advertising in Montana". The brochure provides a synopsis of fair housing laws and offers both perspective and guidance related to fair housing advertising. The brochure has been distributed widely and is credited with raising the knowledge of those involved with media advertising as well as reducing the alleged violations of the fair housing law.

Workshops and conferences, sponsored by Montana Fair Housing, are held around the State in an effort to provide outreach and education on fair housing. Montana Fair Housing also assists the Montana Department of Commerce Board of Realty Regulation, by providing fair housing educational courses for both property management and Realty licensing. Landlord Tenant packets are distributed to interested parties through the MDOC Housing Division.

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<sup>57</sup> Analysis of Impediments to Fair Housing Choice, February 2000.

The Department of Labor, Human Rights Bureau personnel, participates in the yearly CDBG and HOME administration workshops informing grantees about current fair housing issues. Program grantees may use their administrative funds for fair housing training. Brochures and posters are distributed to individuals and organizations.

Within the constraints of budgets and resources, as well as MDOC's obligation to document compliance with numerous other federal laws and regulations, the Department has demonstrated strong and sincere efforts in regard to furthering fair housing through HUD funded programs.

## **SUMMARY**

Analysis of community needs, whether homelessness, infrastructure, economic development, or housing, has been articulated, refined, and enunciated rather clearly over the years. Each of these needs is identified through the implementation of the State housing and community development programs. Program guidelines recognize that the degree of need in the State is far larger than available resources can address.

## **VII. Resources**

This section of the plan consists of two documents prepared by the Department of Commerce:

### **MONTANA HOUSING RESOURCE DIRECTORY**

This directory is a one stop-shopping for all housing resources in Montana. It includes all Board of Housing, Department of Commerce, Public Health and Human Services, Veterans' Affairs, Rural Development, U.S. Department of Housing and Urban Development and Federal Home Administration (FHA) programs. A short synopsis of each program provides a contact name and phone number. At the back of the Directory is a pullout matrix that can be used as a handy desk reference. The matrix identifies eligible applicants and activities; indicates if applicants must provide "match" money for the program; states whether the funds are available as a loan or grant; provides a funding time frame; and, lists any special requirements associated with the funds. To the far right the program contact name and number is provided.

### **INFORMATIONAL PUBLICATION DIRECTORY**

Each year the Department of Commerce and other agencies receive a variety of books, brochures, pamphlets and flyers related to program issues. This Directory condenses these publications into one document. Anyone desiring to acquire additional publications may refer to the telephone number and contact name or organization provided.

The Publication Directory is divided into three sections: Housing, Public Facilities and Economic Development. Each section contains a subset of specific related activities. For example, under the Housing section, the subsets Lead-based Paint and Radon are listed.



## **X. Summary of Citizen Participation Plan**

**(For the Five-year Consolidated Plan 2001-2005)**

The citizen participation process of updating the Consolidated Plan (CP) allows the public opportunity to comment on the way HUD programs are administered by the State. The following public review process follows the Citizen Participation Plan dated March 1999 which covers the planning for the Five-year Consolidated Plan 2001-2005.

In addition to preparing the Five-year Consolidated Plan, the CP Steering Committee updated the *Economic and Demographic Analysis* and prepared a *Housing Condition Study* for the State based on Montana Department of Revenue data. The Committee also updated the Analysis of Impediments to Fair Housing Choice for additional information now available.

MDOC expanded the housing affordability section of the *Economic and Demographic Analysis* to include a comparison of housing starts, permits and completions from the Montana Building Industry, the Building Codes Division of Department of Commerce and the Montana Department of Revenue. The State gathered data on advertised prices of housing in Montana (both rental and for-sale property); monthly utility costs; and financing costs for home ownership. MDOC is now providing a table showing monthly cost of housing by county and city. This information forms a foundation from which to compare future housing affordability in Montana.

An evaluation of current housing stock is now available in the statewide *Housing Condition Study* prepared in September 1999. *Residential structures and commercial property used for residential purposes* in Montana were identified using a Montana Department of Revenue database maintained for assessment and taxation purposes. The Study addresses all of Montana. MDOC also prepared two technical appendices to support the Study. Volume I contains Housing Condition Study Data for each of Montana's counties and Volume II contains Housing Condition Study Data for selected municipalities in Montana, one within each county. Based on the results, communities and organizations will better understand what types of housing structures are available for rental and purchase. Specific information regarding the overall condition of the structures is provided to aid in determining housing needs of Montana citizens.

The application deadline date for HOME and CDBG programs did not neatly coincide with the final approval of the Housing Condition Study and Economic and Demographic Analysis. However draft documents were sent to fifty-five potential CDBG and HOME program applicants in August 1999 for use in preparing applications.

### **INPUT MEETINGS**

MDOC expanded the number of public input meetings for the five-year Plan from one to three on-site meetings and a MetNet meeting with eight interactive sites.

**Public Input  
Meeting,  
Ronan,  
Montana**



- Invitations were sent to 874 individuals, organizations and local governments and resulted in a good attendance at the meetings.
- Spring Application workshops were chosen to provide additional notification of input meetings. The input meeting in Butte was also held in conjunction with a spring Application workshop.
- Newspaper notices were used to announce the availability of the Draft plan and a schedule of meeting dates and locations.
- Display advertisements published in Ronan, Sidney and Butte invited people within each community to attend the public input meetings.
- Dates and locations for all public input meetings were posted on the State Bulletin Board System.

Attendance at the Input meetings was very good with excellent discussion. Twenty-five people attended the meeting in Butte, five in Sidney and nine in Ronan. No written comments were received. Copies of audio tapes for the Sidney, Ronan and Butte meetings and a video of the MetNet conference are available on request.

## **REVIEW MEETINGS**

MDOC sent a letter to 859 interested persons in September, requesting their help in creating and updating CP information. The CP Steering Committee created a *Publication Directory* of current studies, analyses and papers relating to housing, community development, infrastructure and economic development. MDOC requested current, statistical information from interested parties. The *Fair Housing Advertising in Montana* brochure was included with the letter. The brochure is





**Consolidated  
Plan Review  
Meeting,  
Missoula,  
Montana**

intended to educate and provide guidance to those who create and publish real estate advertising. Recipients were asked to update and return a postage paid return card to update the CP mailing list.

MDOC released the draft Five-year Consolidated Plan for review in November 1999. The public was informed that the draft Plan was available for review and comment.

- Nine hundred thirty-three local governments, public agencies, member organizations and citizens throughout Montana received a packet of information to encourage their participation in the review process. The packet contained the Introduction to the Five-year Plan and cover letter that included dates, locations and times of scheduled public review meetings along with a map showing meeting locations and the Consolidated Plan website.
- An internal link created on the Montana Department of Commerce, Housing Division website at <http://commerce.state.mt.us/housing/index.html> provided an excellent opportunity to download the draft information. The draft Consolidated Plan, meeting locations, times and map, and documents prepared to support the CP are available in WORD format and downloadable. Copies are also available upon request.
- MDOC announced the availability of the Draft plan and a schedule of meeting dates and locations using newspaper notices.
- Public review meetings dates and locations were posted on the State Bulletin Board System.

No written comments were received on the draft Five-Year Consolidated Plan. All of the meetings were well attended. Seventeen people attended the Missoula meeting and eleven in Miles City.

The MetNet meeting at eight interactive sites had the largest attendance. Copies of audio tapes of the Missoula and Miles City meetings and a video of the MetNet conference are available on request.

In addition to formal notification and advertising for public comment, MDOC provides numerous opportunities for public comment and citizen participation regarding the three programs through meetings, conferences and workshops held throughout the year.

## **IX. PLAN FOR IMPLEMENTATION**

**Please refer to this year's ANNUAL ACTION PLAN**